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CSR in the European Oil Sector
A Mapping of Company Perceptions

Rhetoric and Realities: Analysing Corporate Social Responsibility in Europe (RARE)
A Research Project within the EU's Sixth Framework Programme

Elin Lerum Boasson, Jørgen Wettestad and Maria Bohn

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Abstract

Does the increasing rhetorical attention to concepts such as 'Corporate Social Responsibility' (CSR) and related weight given to CSR instruments lead to corresponding changes in the behaviour of companies, within the policy fields of environmental protection, gender equality, and the countering of bribery? The EU-funded RARE ('Rhetoric and Realities – Analysing Corporate Social Responsibility in Europe') project has set out to explore this question in the three societal sectors of oil, fisheries and banking, relying on a combination of extensive surveys within the three sectors and a subsequent more limited number of in-depth case studies. This report sums up and discusses the main results of the oil sector survey, encompassing nine European oil companies. With regard to main findings, there is no consensus on how the oil companies' societal responsibilities are to be understood or described. A range of terms is applied, with the terms 'Corporate Responsibility' and 'Corporate Social Responsibility' as the most popular ones. The companies do not perceive that CSR primarily pertains to efforts that go beyond formal legal compliance, but rather give prime emphasis to CSR as a tool to achieve compliance with mandatory social and environmental legislation. It is clear that climate change has established itself as the most important societal issue for European oil companies, while countering bribery also has fairly high strategic importance. Regarding instruments adhered to, the number is quite impressive, with six companies adhering to 15 or more. The most popular instruments are the Global Compact, OECD Guidelines, Responsible Care, ISO 14001, and the Global Reporting Initiative. As to the contribution of CSR instruments to performance, the most important ones seem to be the 'company-specific' instruments and to a much lesser degree the 'standardized' instruments.

Key Words: Corporate Social Responsibility, climate policy, oil company environmental performance

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Contents

Preface iii

1 Introduction 1

2 Corporate Commitment: Conceptual Diversity and Emphasis on Achieving Compliance 2

2.1 Terms used to describe the responsibility of companies to society and the environment 2

2.1.1 'CSR' – only activities 'beyond compliance'? 3

2.2 CSR 'visions' and statements on issues targeted by RARE 4

3 'Corporate Strategy': Good News, but Keep the Champagne on Ice 5

3.1 The most important social and environmental issue areas 5

3.2 Translating responsibilities into corporate policies/ strategies 7

4 Instruments and Implementation: Confusing Variety 10

4.1 CSR instruments: a wide selection utilised 10

4.2 Voluntary, beyond compliance activities: several, but varying 13

4.3 Assignment of responsibility within the company 15

5 Performance: Some Relevant Measuring but Competition Concerns 17

5.1 Measurement of performance 17

5.2 Key Performance Indicators: a difficult issue! 18

5.3 Instruments supporting performance: company-specific ones most important 18

6 Concluding Comments: What Do These Results Tell Us about CSR and European Oil Companies? 21

Tables

1 Survey participants 1

Figures

1 Terms used to describe companies' responsibility to the society and environment 3

2 Dimensions of responsibility 4

3 Coverage of the written statement on companies' responsibility 5

4 Strategic importance of selected issue areas 6

5 Translation of corporate responsibility into self-standing policies 7

6 Integration of corporate responsibility into pre-existing strategies 8

7 Targets concerning companies' responsibility towards society and the environment 9

8 Application of targets 9

9 Adherence to "codes of conduct"-instruments 11

10 Adherence to "Management systems" 11

11 Adherence to "Management systems" 12

12 Community activities carried out by the companies 13
13 Activities for mitigating climate change 14
14 Organizational responsibilities for CSR issues 15
19 Measurement of CSR performance 17
20 Instruments most conducive to affect performance. 19
21 The companies impression of impacts created outside the company 20
22 Public policy support for CSR 20

Preface

This report is part of the ‘Rhetoric and Realities: Analysing Corporate Social Responsibility in Europe’ (RARE) research project, funded within the EU sixth framework programme. The RARE project consortium is headed by the Öko-institute. In addition to the Fridtjof Nansen Institute, it includes Budapest University of Technology and Economics (BUTE), Fondazione Eni Enrico Mattei (FEEM), Institut für Sozial-ökologische Forschung, Peter Wilkinson Associates and Stockholm Environment Institute (SEI). This report is made by the Fridtjof Nansen Institute and the Stockholm Environment Institute in conjunction. It is based on the oil sector questionnaire developed within the RARE project and the survey conducted on basis of the questionnaire. Similar surveys have been conducted within the banking and fishery sectors. The reports from the other sector surveys may be found at www.rare-eu.net.

Lysaker, December 2006

Elin Lerum Boasson
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1 Introduction

Does the increasing rhetorical attention to concepts such as 'Corporate Social Responsibility' (CSR) and related weight given to CSR instruments lead to corresponding changes in the behaviour of companies, within the policy fields of environmental protection (here limited to climate change and chemicals), gender equality, and the countering of bribery? Which company-internal and external factors can best shed light upon differences between companies regarding actual CSR impact, and give us clues as to the factors which may be considered to be 'success factors' in terms of generating high CSR impact? The EU-funded RARE ('Rhetoric and Realities – Analysing Corporate Social Responsibility in Europe') project has set out to explore these questions in the three societal sectors of oil, fisheries, and banking, relying on a combination of extensive surveys within the three sectors and a subsequent more limited number of in-depth case studies. This report sums up and discusses the main results of the oil sector survey. By mapping of the companies' perceptions we may provide insights to how the sector itself evaluates its CSR efforts. As oil companies have been especially active in both developing and applying CSR instruments, studies of their particular CSR activities may provide valuable insights.

What is the 'oil sector' in this context? This sector in Europe is highly dominated by a relatively small number of international oil companies. We found it appropriate to include major companies as well as insuring geographical representation encompassing different parts of Europe and major actors with a basis abroad. Most of the companies are involved in upstream as well as downstream activities. Moreover, we checked relevant federations' member lists (i.e. EUROPIA and OGP), and added the criterion of being central companies/operators on the British, Dutch and Norwegian shelves. On this basis, we singled out a set of fifteen relevant companies: Amerada Hess, BP, Conoco, ENI, ExxonMobil, Gaz de France, Hydro, NAM, Orlen, Repsol, RWE-DEA, Shell, Statoil, Talisman, and Total. After considerable effort, we managed to get a response from nine of these companies; mostly the European ones. This is not surprising, as there appears to be some CSR 'questionnaire fatigue' among companies these days, not least in the big oil companies. As many of the dominating companies on the European scene chose to participate in the survey, the respondents do however represent a large part of the sector's activities in Europe.

Table 1: Survey participants

	Turnover mill €	Employees	Country
Amerada Hess	-	-	US
BP	241 233	102 900	UK
Hydro	19 131	36 936	Norway
Orlen	90.39	19 997	Poland
Repsol	41 689	-	Spain
Shell	213 490	112 000	The Netherlands
Statoil	37 693	24 000	Norway
Talisman	3 775	1 870	Canada
Total	122 700	111 410	France

This report is then structured in the following manner: in section two, we address the issue of ‘corporate commitment’, i.e. the terms the companies use to describe their social responsibility, the extent to which they agree with the EU’s insistence on CSR referring to activities beyond mandatory legislation, and their ‘visions’ and statements on issues targeted by the RARE project (i.e. climate change, chemicals, gender equality, and the countering of bribery). Section three moves on to the issue of ‘corporate strategy’, including the companies’ perceptions and ranking of the most important social and environmental issue areas and their ‘translation’ of responsibilities into policies/strategies. Section four sums up and discusses CSR instruments utilized by the companies, ‘implementing activities’, and relevant organisational structures established and resources set aside. Section five addresses the important issue of ‘performance’ and more specifically measurement practices and performance with regard to the instruments and activities mentioned above, including specific mechanisms used to implement the instruments. Section six sums up main findings.

2 Corporate Commitment: Conceptual Diversity and Emphasis on Achieving Compliance

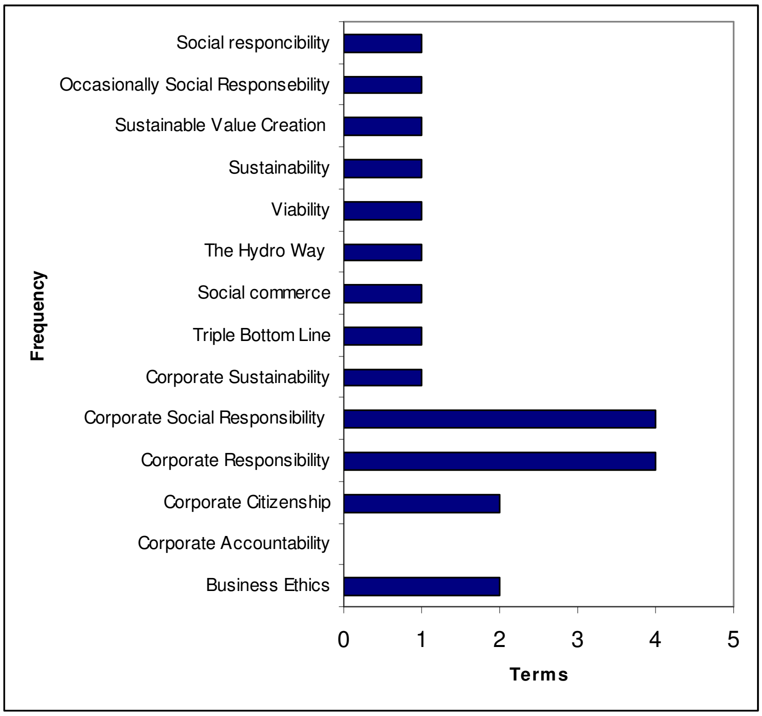
2.1 Terms used to describe the responsibility of companies to society and the environment

In our main model and way of thinking about CSR, analytically, we look upon corporate ‘commitment’ as the first step in our impact assessment and its causal chain leading up to an assessment of overall performance and CSR impact. In order to assess what companies tell us about their commitment to this issue, we need to know more about their understanding of the CSR concept. If their terms vary this may indicate that they do not have a common notion about the nature of corporate social responsibility and thus extra caution would be required in our subsequent interpretation of their responses. This is why, as the very first step, we asked for the main terms used by companies to describe their responsibility to society and the environment.

The striking overall response was diversity – and hence possibly also confusion! ‘Corporate Responsibility’ and ‘Corporate Social Responsibility’ were the most popular terms in our sample and were mentioned by four. Two of the terms we asked them about, i.e. ‘Business Ethics’ and ‘Corporate Citizenship’, were mentioned by two. The other terms were mentioned only once. The companies stated seven new terms in addition to the seven we suggested. It is interesting to note that two important actors did not use any of the terms we presented, including the CSR term, to describe their responsibility to society. One preferred the term ‘sustainability’, which is of course something of a general buzzword in this context. Another used the term ‘viability’.

The upshot of this is that there is significant basic conceptual diversity among the oil companies, and even among companies having the same national origin. This is in line with findings in other academic works on CSR. Moreover, this conceptual confusion is surely a complicating factor both in research efforts and in the broader dialogue between companies, policy-makers and the research community. We cannot rule out that the companies may use diverging concepts on purpose because they find it convenient that there is no common notion about how their responsibility is to be understood. Diverging concepts and understandings make it more difficult to compare their performance and difficult to hold them responsible for their actions.

Figure 1: Terms used to describe companies' responsibility to the society and environment

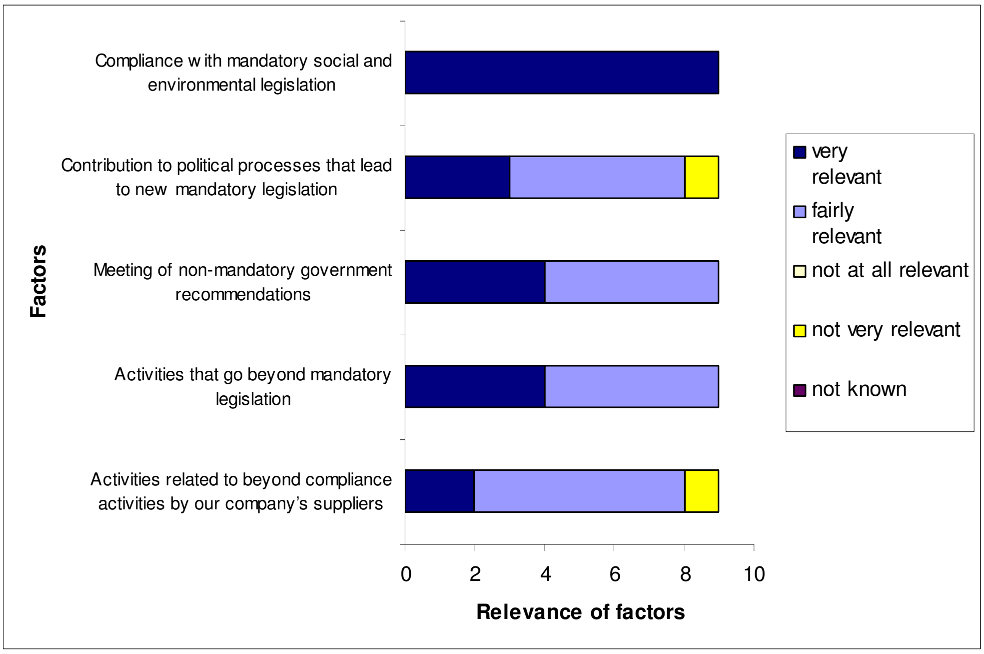


2.1.1 'CSR' – only activities 'beyond compliance'?

Given the ongoing turf battle about what CSR means, and what seems to be an emerging prevalence of the EU Commission's definition of CSR as primarily pertaining to efforts going beyond formal legal compliance, we asked the companies about their understanding of this issue. Do they see CSR for instance primarily as a tool in the process of achieving compliance with mandatory commitments – or do they adhere to the EU's insistence on CSR as a concept referring to activities that go beyond mandatory legislation?

All oil companies in our sample found compliance with mandatory social and environmental legislation 'very relevant'. Moreover, for three of the companies in our sample, this was in fact the only statement they assessed as very relevant. Four out of nine companies found that a contribution to meeting non-mandatory governmental recommendations was a very relevant part of this discussion. Three companies considered CSR very relevant as a contribution to political processes that *lead* to mandatory processes. Interestingly, all companies except one stated that going beyond mandatory legislation was relevant in their understanding of their responsibility. Only one of the companies indicated that activities related to 'beyond-compliance activities by our company's suppliers' were very relevant.

Figure 2: Dimensions of responsibility



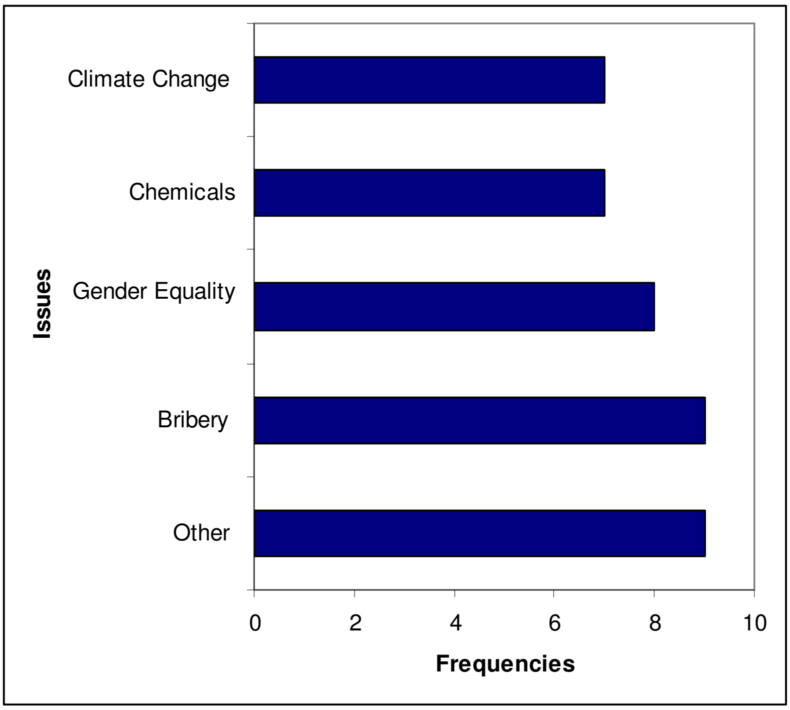
What is the upshot of this? First, it is clear that the oil companies included in our sample seemingly do not agree with the EU Commission's insistence on focusing this concept on voluntary activities beyond compliance. For them, CSR is a much broader concept. CSR instruments seem to be very relevant in their efforts to achieve compliance. This does not mean that the voluntary, beyond-compliance part of CSR was not acknowledged. In fact it received substantial support. Overall, however, and probably not surprisingly, the companies embraced the 'achieving compliance' part of the CSR issue a little more wholeheartedly than the more daring 'going beyond compliance' part.

2.2 CSR 'visions' and statements on issues targeted by RARE

Moving closer to the core of the commitment issue, and based on the notion that companies as a very first and basic step must acknowledge that they have some sort of responsibility for how their activities affect the social and environmental surroundings, we asked the companies if they had a written overall CSR vision statement and not least if they had such a statement on the issues particularly targeted by the RARE project, i.e. mitigating climate change, minimizing the risk from chemicals, promoting gender equality, and countering bribery.

All of the companies have a written corporate statement of overall vision, mission or objectives. For three of the companies this was a quite recent development. Others claimed that such an overall vision was introduced in the 1990s (e.g. one as early as in 1992, three others in 1997/1998).

Figure 3: Coverage of the written statement on companies' responsibility



With regard to the targeted sub-issues all companies stated that countering bribery and promoting gender equality (with one exception) were covered by the statement. Seven of nine companies had statements that covered mitigating climate change and minimizing risks from chemicals. All of the companies indicated that they had statements on other issues than those targeted by us. From this we can possibly conclude that the companies perceived the somewhat more 'generic' and cross-cutting issues of countering bribery (which is also actually forbidden!) and promoting gender equality to be a little closer to the core of their interpretation of the CSR issue than the environmental and resource management issues.

3 'Corporate Strategy': Good News, but Keep the Champagne on Ice

3.1 The most important social and environmental issue areas

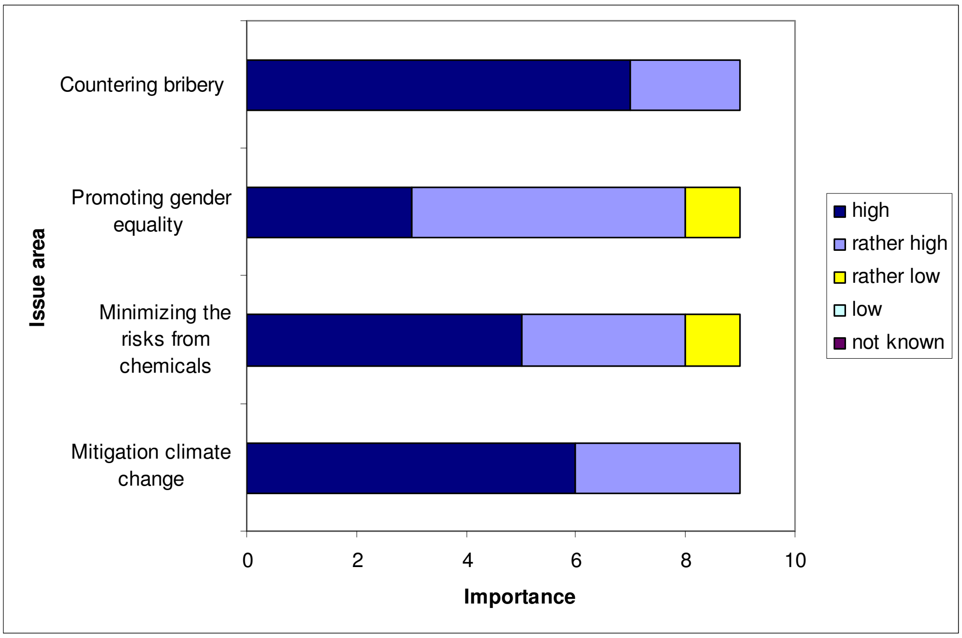
In our way of thinking about CSR, analytically, we look upon the formulation of corporate strategy as the second step in our impact assessment and the causal chain leading up to an assessment of overall performance and CSR impact. In the formulation of their strategies, what social and environmental issues were perceived as most important for our selected companies? In order to find any significant variations in issue importance stemming from political, institutional or cultural differences between countries, the companies were also asked specifically about the perceived issue importance pertaining to operations in the new EU Member States.

Our ranking request was received a bit lukewarmly by the companies. One company mentioned three issues but refused to rank them and one refused to give any answer at all. Those that ranked did this in different manners. Hence, the response to this question is not very meaingful to present in the form of a figure. Of the seven companies that made some sort of ranking, five of them point to climate change as the most important issue area. All but one of the eight companies that answered mentioned climate change as an important issue. One company ranked human rights as the most important issue. Other important issue areas mentioned include integrity, anti-corruption, ocean protection, local development, stakeholder consultations, preventing accidents, reduction of environmental footprint, reduction of pollutant releases and protection of sensitive areas.

From this we can conclude that climate change has clearly established itself as an important issue area for European oil companies. The ranking of other issue areas probably reflects differences in operations and institutional history among the companies. For instance, given the quite recent controversy within one of the companies over bribery issues, it is not surprising that this company gave this issue a quite high ranking. The reluctance of some companies to rank issues may once again have something to do with the somewhat different character of our targeted issues in the questionnaire (although these were not explicitly mentioned in this particular question), and also issues more generally related to CSR. For instance, fighting climate change and fighting corruption are two very different types of social activities and challenges, and hence it may not necessarily seem very meaningful to compare and rank them in terms of importance.

A certain reluctance to rank differing issues is reflected in the responses to our request for a ranking of the strategic importance of our targeted issue areas for the companies.

Figure 4: Strategic importance of selected issue areas



Countering bribery scored best, with seven companies stating this issue as being of high importance, whereas climate change was chosen by six companies. It should be noted, however, that the companies overall simply indicated that all issues have high or rather high strategic importance for them. Taken at face value, this is good news for those striving to make companies more environmentally and socially responsible. But it is important to keep in mind that our sample of companies which responded to the questionnaire did not include any American companies. We know that the latter companies overall have a more critical perspective for instance on the issue of climate change. The companies were asked specifically about the strategic importance of the above concerning new member states. The results show that they did not perceive the issues differently in this respect.

It is noteworthy that climate issues are given the highest priority with regard to importance in general and high value when stressing strategic importance whereas the former section showed that climate issues were not defined as being at the heart of CSR. These findings imply that being perceived as a CSR issue does not necessary imply high saliency.

3.2 Translating responsibilities into corporate policies/ strategies

We also asked the companies how they more specifically translated social and environmental responsibilities into their policies and/or strategies. This included both the development of specific policies targeting our focused issue areas, the integration of these focused issue areas into existing corporate strategies, and the setting and coverage of relevant targets.

Figure 5: Translation of corporate responsibility into self-standing policies

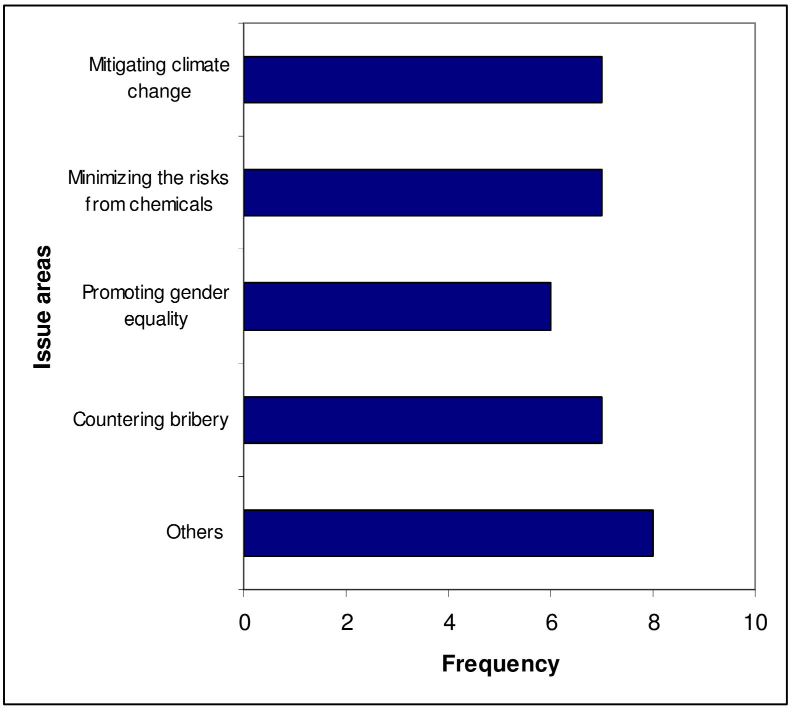
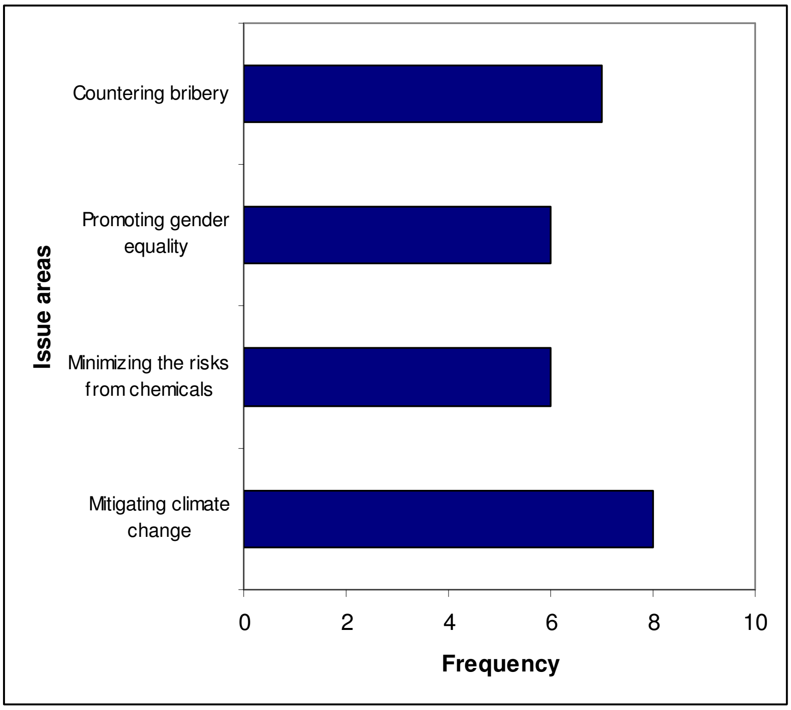


Figure 6: Integration of corporate responsibility into pre-existing strategies



Nearly all companies stated that they have developed specific policies for climate change, chemicals, gender equality and bribery. In addition, most companies have also integrated many of the issues into their existing corporate strategies. In general terms this should probably be counted as good news. At least in the companies included in our sample, important formal elements to accommodate various environmental and social concerns seem to be in place. However a policy to mitigate climate change may range from producing an information leaflet asking employees to turn off the lights in their offices in the afternoon, to establishing an internal emissions trading system. In other words, the champagne should be kept on ice for a while yet.

On the more specific issue of targets set, nearly all companies have set such targets regarding the issue of climate change.

All companies stated that targets apply to the company's own operations, whereas three companies in addition state that targets apply to products and services by suppliers and service providers. Three of the companies stated that they have set such targets for all of our targeted issues, whereas one has developed such targets for climate and chemicals, but not for gender equality and countering bribery, while another has developed a target for climate change only. The latter two cases may have something to do with target setting in the field of bribery being perceived as less meaningful and common than for instance the field of climate change.

Figure 7: Targets concerning companies' responsibility towards society and the environment

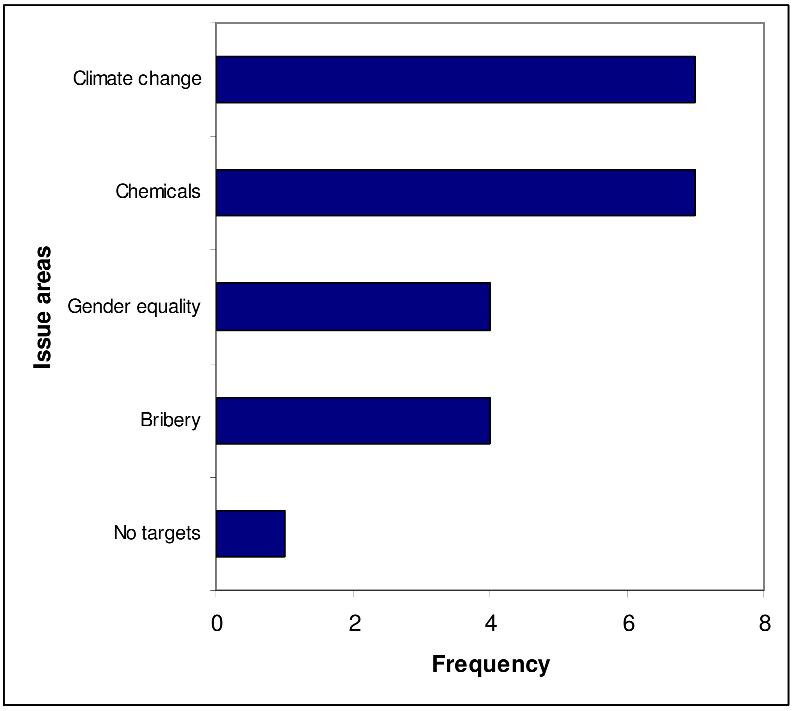
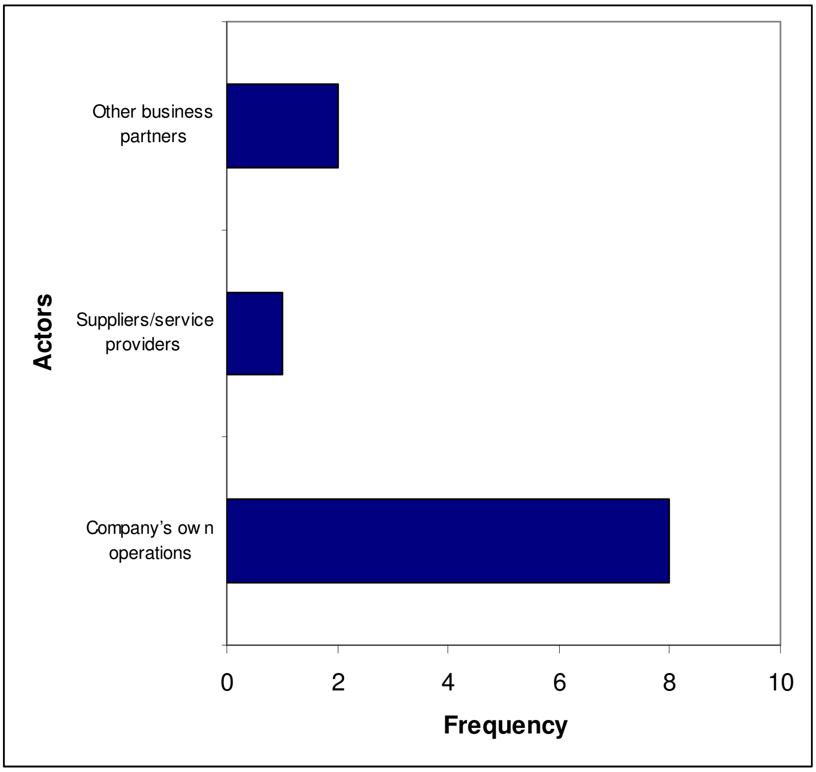


Figure 8: Application of targets



4 Instruments and Implementation: Confusing Variety

In our analytical model, we look upon CSR instruments utilized and implementation of 'CSR activities' as key elements of the outcome part of our impact assessment and the causal chain leading up to an assessment of overall performance and CSR impact. Hence, we asked the companies about the CSR instruments they use. We also asked about the specific activities they carry out in the selected issue areas which could be meaningfully categorised as CSR activities. A final element in this section inquired about the particular CSR organisational structures and resources established and/or set aside by the companies.

4.1 CSR instruments: a wide selection utilised

Turning first to the issue of CSR instruments, we presented the companies with a list divided into six main sections: 'codes of conduct'; 'management systems'; 'forms of stakeholder engagement and co-operation'; 'non-financial accounting and reporting'; 'conformance with requirements of social and ecological product labels or awards'; and 'others'. Overall, the companies utilized a considerable number of instruments. The top scoring company applied 24 instruments; two others applied 22 and 20 respectively; three others applied between 20 and 15 instruments; while three applied between 15 and 10 instruments. It should be noted, however, that this overview also includes 'company specific instruments'.

As to 'codes of conduct', a first central finding is that all companies adhere to the 'Global Compact'. Second, four other such instruments are of considerable relevance, i.e. the OECD Guidelines for Multinational Enterprises, the Business Principles for Countering Bribery, the Energy and Biodiversity Initiative, and Responsible Care. A third finding is that 'company-specific codes' are also of considerable relevance. Finally, most of the companies utilise additional codes of conduct not initially identified by us.

Turning to 'management systems', all but one apply ISO 14 000, four apply EMAS and three apply OHSAS 18 000. Moreover, five of the companies state that they have company-specific management systems.

Figure 9: Adherence to "codes of conduct"-instruments

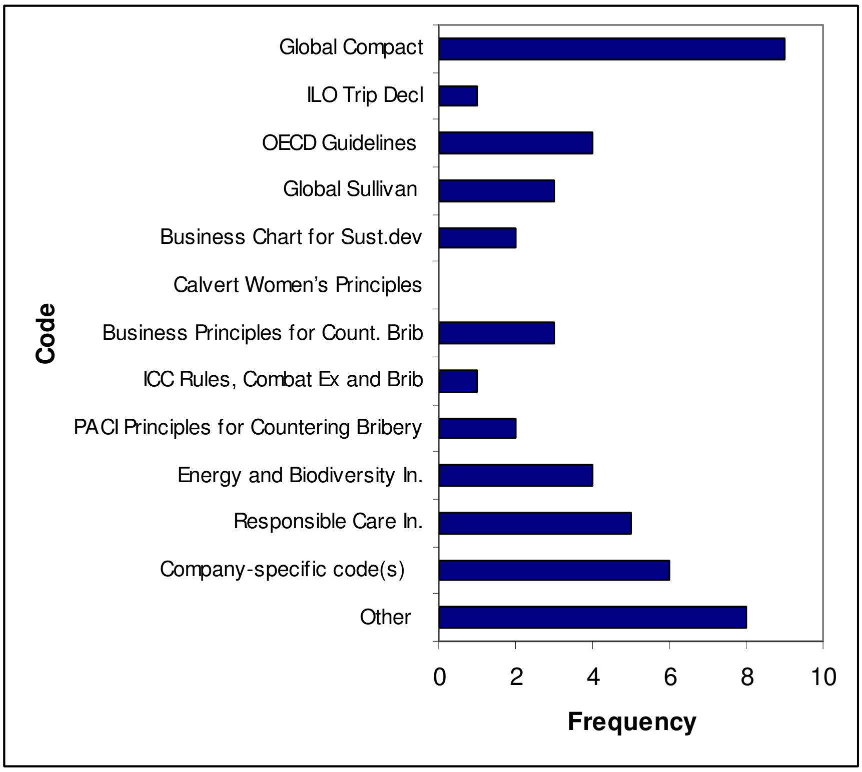
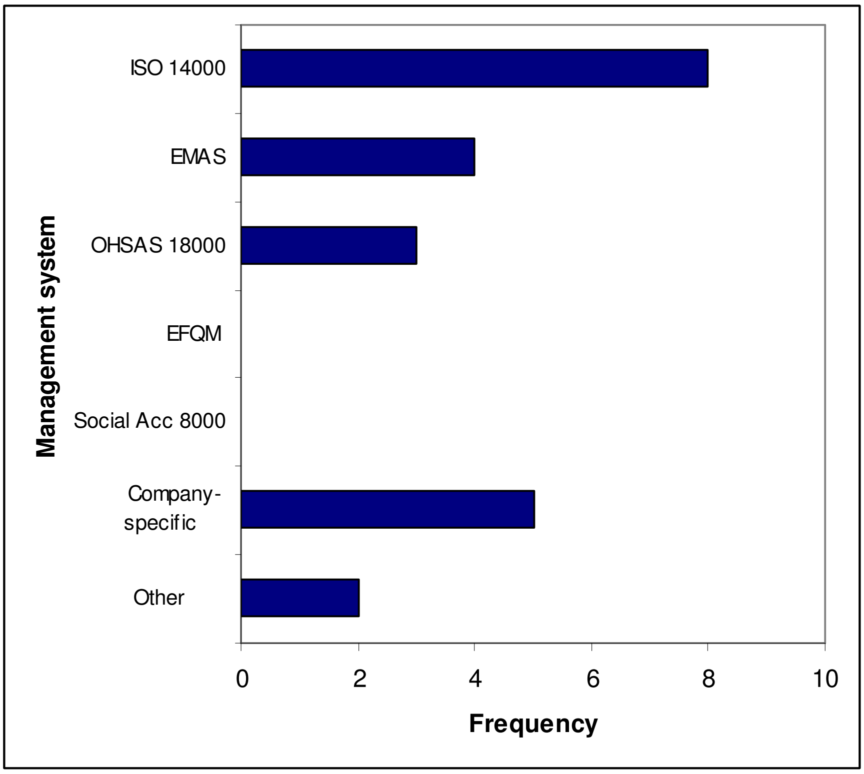


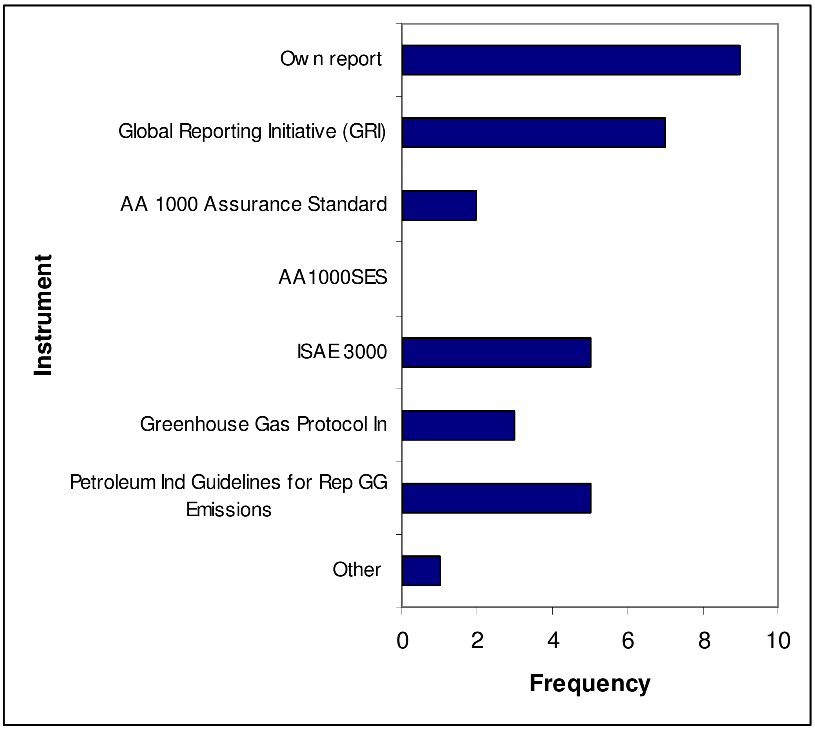
Figure 10: Adherence to "Management systems"



With regard to ‘forms of stakeholder engagement and co-operation’, all companies collect information about/from stakeholders and set out consultation of stakeholders. All but two engage in multi-stakeholder initiatives in the issue area of climate change; all but three engage in multi-stakeholder initiatives in the field of bribery; five companies engage in multi-stakeholder initiatives in the issue area of chemicals; and three companies engage in such initiatives on gender equality. Moreover, four companies include stakeholders in decision making.

Moving on to ‘non-financial accounting and reporting’, all of the companies have their own reports and all, except two, do their reporting on the basis of the Global Reporting Initiative (GRI). The extent to which they refer to GRI in their reports is, however, highly diverging. With regard to other instruments, the two most commonly adhered to are the Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions and the International Standard on Assurance Engagements ISAE 3000. The Petroleum Guidelines are adhered to by five companies; the same goes for the International Standard on Assurance Engagements ISAE 3000.

Figure 11: Adherence to “Management systems”

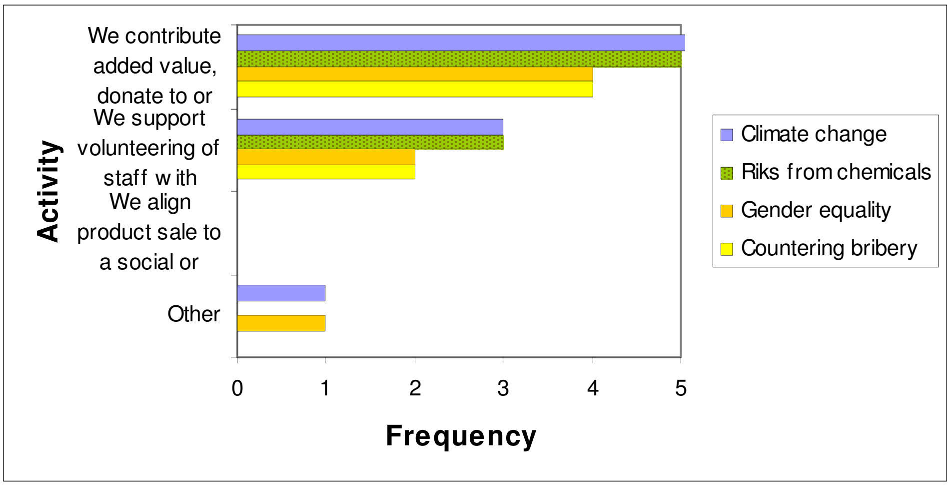


We also asked the companies if they required business partners to comply with any of these instruments, or if such partners placed such requirements on the companies.

Almost all companies generally stated that contractors and suppliers are required to comply to company-specific standards (except for two which did not answer this question). The companies mention various additional instruments in this respect, with two specifically referring to ISO 14 000. Most of the companies also quite generally stated that their business partners are required to comply with company specific standards. Three companies specifically referred to ISO 14 000 in this connection.

Regarding the extent to which the companies carry out community activities of issue-specific relevance, this seems to be generally limited, and there are marked differences between the companies.

Figure 12: Community activities carried out by the companies



Hence all, except one, contribute within the issue of climate change. One supports volunteering of staff, and it does so within all issue areas; another supports volunteering of staff within climate, chemicals, and gender; others again only within chemicals or climate change. It seems to be common for oil companies to contribute added value, donate to or sponsor social or environmentally committed organisations within all of the fields asked about, although chemicals and bribery received lower ranking than the other issue areas. None of the oil companies align product sales to social and environmental causes.

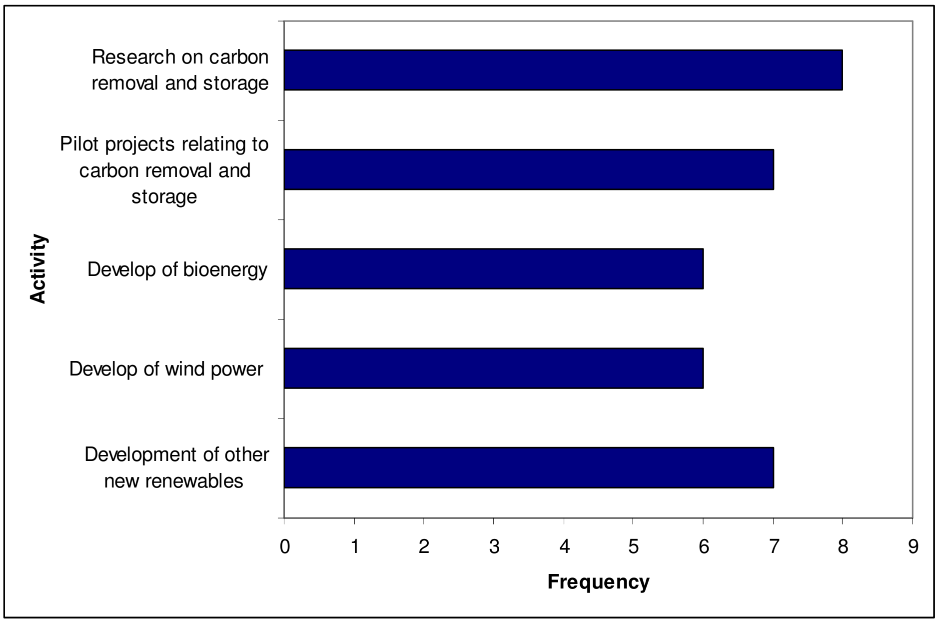
4.2 Voluntary, beyond compliance activities: several, but varying

Turning then to implementation, we asked the companies to indicate which voluntary, beyond-compliance activities they were engaged in. The reply options were restricted to certain activities of relevance to EU policy goals in the policy fields of climate change, chemicals, gender and bribery. The companies were also asked to indicate whether the activity was at least partly required by law.

In the field of climate change, the activities were divided into activities aimed at reducing greenhouse gas emissions, activities aimed at developing new renewable energy sources, and activities related to carbon removal and storage. For activities to reduce greenhouse gas emissions, the companies were also asked to indicate whether the activities in the North Sea suggested by us were also performed in their developing-country operations.

With regard to the latter question, for greenhouse gas emissions reduction, our sample of companies was split down the middle (two companies do not have operations in developing countries). All companies are active in all three categories of the climate change mitigation issue, but there is variation between them regarding the number of different activities they pursue within these categories. Two companies stand out as being involved in the development of a greater number of renewables than the others. One differs from the others as it does not have activities relating to any of the mentioned new renewables. When it comes to activities related to carbon removal and storage, all companies except one fund research on carbon removal and storage. It is interesting to note that three companies all have plans for full-scale carbon removal and storage projects before 2010. Figure 13 shows the five climate relevant activities most frequently mentioned by the companies.

Figure 13: Activities for mitigating climate change



In the field of chemicals, the activities were divided into activities aimed at reducing the use of chemicals; activities aimed at substituting less hazardous chemicals or using no-chemicals alternatives; and chemicals risk management. When it comes to chemicals, gender and bribery, the activities asked for are hard to compare to each and the answers lack a general pattern and thus the results will not presented in the form of figures. The general picture lack a general pattern and thus the results are not easily to present by a figure. All companies (apart from two smaller ones) are active in all three categories of activities, but there is variation between the companies in the number of different activities they pursue within each category. For the chemicals issue, and for those companies that have developing-country operations, most of the companies state that they pursue the same activities in their developing country operations as those suggested by us in the North Sea. However, some do less in developing countries than in Europe.

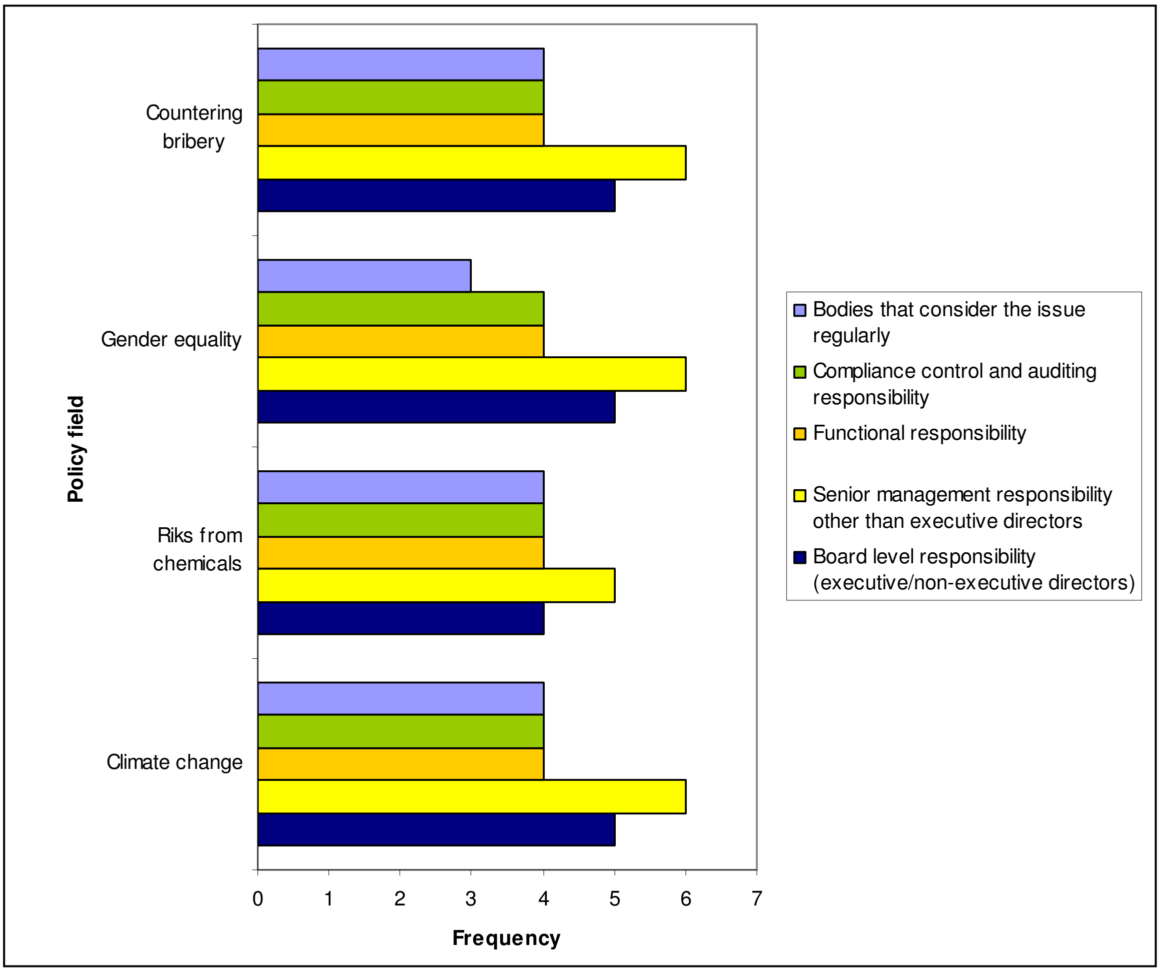
In the field of gender equality, the activities were divided into activities aimed at promoting equal opportunities and equal pay for women and men; activities aimed at promoting the work-life balance of employees; activities aimed at ensuring anti-discrimination concerning sexual harassment; and activities aimed at attracting women/men in jobs where they are significantly underrepresented. More than half of the companies are active in all these categories.

In the field of bribery, the activities were divided into activities aimed at countering the risk of bribery; and activities aimed at creating transparency of resource revenue payments to host governments. Most of the companies pursue both kinds of activities. Two companies do not pursue activities aimed at creating transparency of resource revenue payments to host governments, but as one of these are not active in developing countries, the problem is of less importance to them. Since the risk of bribery is high in the oil sector it is not surprising that all of the companies in the sample have or are developing a management system for countering bribery. Giving and receiving gifts and political donations are some of the most problematic areas.

4.3 Assignment of responsibility within the company

Based on the assumption that the level of organisational responsibility for CSR affects outcomes and impact, the companies were asked to describe how they had allocated responsibility within their organisation for the different policy fields.

Figure 14: Organizational responsibilities for CSR issues



Interestingly, for seven of the eight companies that answered the question, there was no variation across the policy fields in the assignment of responsibilities, at least as far as the standardised options were concerned (board level responsibility, senior management level responsibility, functional responsibility, compliance control and auditing responsibility). The most common feature for all issues is that they are managed by seniors other than executive directors.

Overall, more companies place responsibility at the two highest levels (i.e. board level and senior management level responsibility) than at the other, lower levels. However, one company had board level or senior management responsibility for all issue areas except chemicals. The companies were also asked to state if there were bodies that considered the issues regularly, and here there were some differences between the policy fields.

The oil sector is a high-risk sector when it comes to bribery, due to operations in regions with high levels of corruption. Oil corporations often pay large sums of money to governments that are accused of corruption. As noted previously, all but one company stated that countering bribery was covered by their CSR statement. A corollary question to the previous one was about expenditures related to CSR instruments and activities, and how these had changed over the past three years. One-third of the companies answered that they do not have data on such expenditures; another third gave no answer; while the remaining third indicated both significant expenditures and also increases ahead.

What are the general conclusions regarding this section? First, the companies adhere to a substantial number of instruments, with close to three third of the companies adhering to 15 or more instruments (with one company’s 24 instruments topping the list). As to specific instruments, the overall picture is not so surpising, with well-known instruments such as the Global Compact, OECD Guidelines, Responsible Care and ISO 14000 at the top of the list. A critical question, however, is: what does the adherence, for instance to Global Compact, mean for the behaviour of companies? Does it mean that they do things noticeably differently? Moreover, although adhering to 15-20 CSR instruments in theory sounds impressive, how is such a broad portefolio handled in practice? Is there a harmonious, synergistic relationship – or are there conflicting requirements? In the same vein, is there a case of ‘spreading out the resources thinly’, instead of concentrating them to do a good job? Furthermore, what do the companies mean by ‘company-specific codes’; are they instruments in the same league as the general instruments – or just a new label for ‘business-as-usual’? Our survey material cannot answer such important questions; they require other, more in-depth approaches.[1]

With regard to implementation and activities, it should be noted that all companies, except one, are active in all three categories of climate change mitigation (i.e. reducing emissions, developing renewables, and developing carbon capture options). This indicates that the European oil

[1] They will form a central part of follow-up interviews with selected companies within the RARE project.

companies follow up their rhetorical support to the Kyoto Protocol with at least *some* realities.

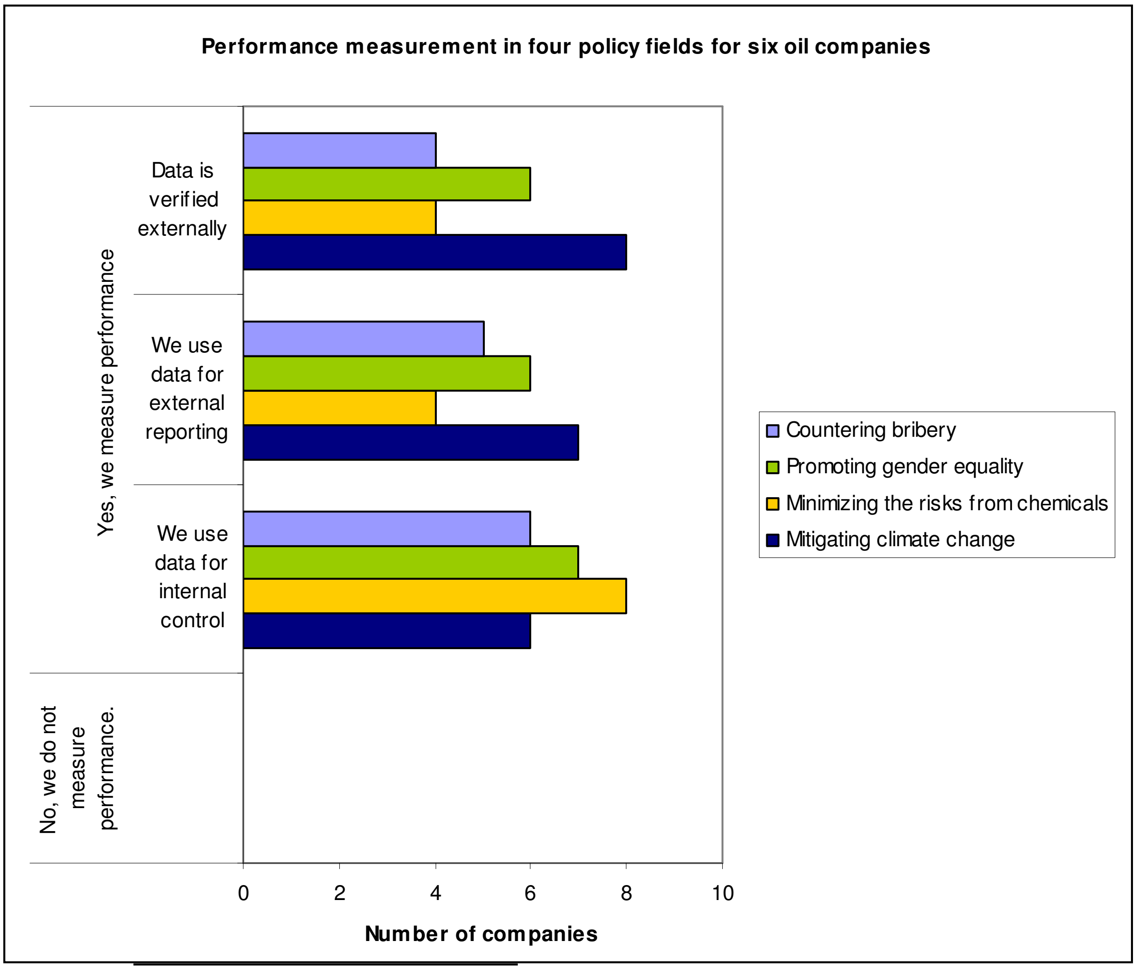
5 Performance: Some Relevant Measuring but Competition Concerns

The final part of our survey addressed the key aspect of 'performance', and hence the closest we could get to 'realities' in the context of a survey. Still, the answers reflect company perceptions and are not assessed in accordance to external information. Here, we sought insight into the companies' measurement practices and performance with regard to the instruments and activities discussed above, including specific mechanisms used to implement the instruments.

5.1 Measurement of performance

Do companies themselves measure their performance in these policy fields? For each policy field, the companies were asked if they measure performance. If so, they were also asked whether they used the data for internal control, external reporting, and whether the data was externally verified. The response was almost unison; performance was measured in nearly all areas.[2]

Figure 15: Measurement of CSR performance



[2] One company stated that it measured performance in all areas except bribery.

Moreover, it is interesting that all companies in our sample have systems of internal control for chemicals, but only five of them use data for external reporting or verify it externally. Similarly, in the cases of bribery and gender, three companies use data for internal control, but do not report externally or verify externally in those issue areas. Two (large) companies stated that they used all of the systems we inquired about (i.e. use data for external control, data used for external reporting and data externally verified). Although most companies in our sample tried to measure the countering of bribery, it was pointed out by one company that there were no metrics in this area.

5.2 Key Performance Indicators: a difficult issue!

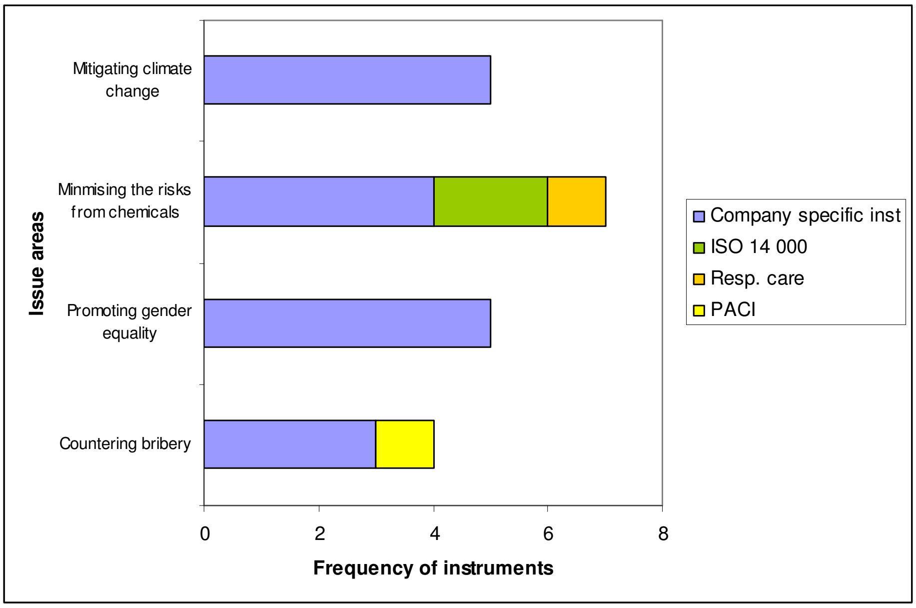
In order to get a rough picture of how they perceived improvement in performance, we asked the companies to judge whether their performance, as measured by some specific key performance indicator (KPI), had been 'rather low', 'medium', or 'rather high', since they started using the indicator. This turned out to be a difficult question for the companies to address. Some companies simply referred us to their existing reports – which where not quite satisfactory since the question was explicitly for their judgement. In some cases the companies stated fulfilment of a specific target/rule or (in the case of bribery) adherence to certain principles as KPIs, probably as an effort to link up to something that is concrete and specific for them. A few companies rated their development in accordance to KPIs but too few to get a reliable impression of how this is perceived. For this sample of companies, the suggested KPIs for climate change and chemicals were established before the suggested KPIs for gender and bribery.

The most interesting result from this question is not the assessments themselves, but the difficulties the companies have in stating KPIs and their development over time. Although most companies replied that they measure performance, they were hardly able to come up with good performance measurements. The comments made by the companies indicate that the coordinating challenge regarding measurement performance at the corporate level is in itself tremendous. Other factors may also have affected the companies' reluctance, such as fear of disclosing information on performance for competitive reasons. For instance, one (large) company stated that for competitive reasons it did not disclose individual investment in new energy technologies or sales figures.

5.3 Instruments supporting performance: company-specific ones most important

In order to find out which instruments contribute most to supporting performance, the companies were asked to name one instrument related to the their performance in the four issue areas in focus. Only five of the companies answered this question. They pointed to company-specific instruments on most of the issue areas, but regarding chemicals two companies stated that they also had applied ISO 14 000. One of the smaller companies stated solely Responsible Care. On bribery, three companies answered company specific instruments and one PACI.

Figure 16: Instruments most conducive to affect performance.

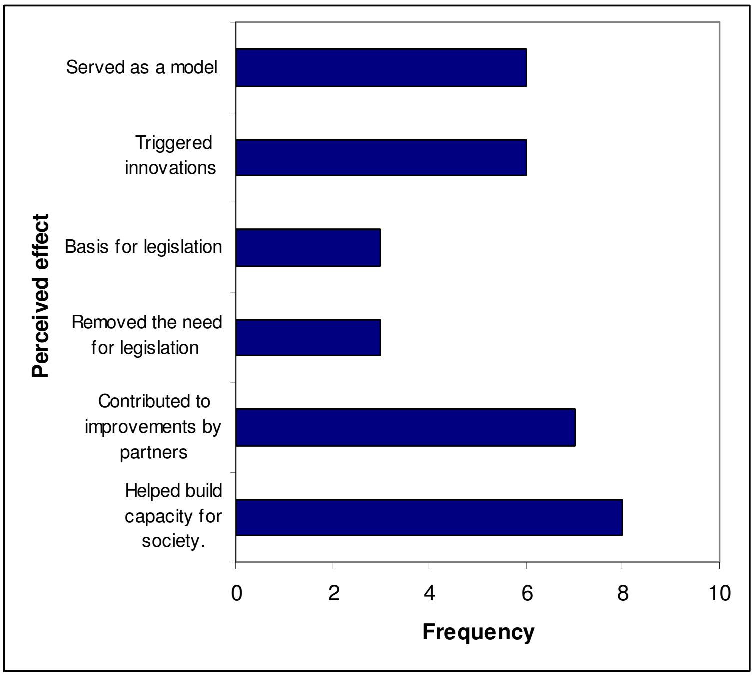


Around half of the respondents gave input to this question. As the answer rate is low, the answers must be assessed with care. Nonetheless they indicate that the companies perceive the internally developed instruments as more important than externally introduced instruments in order to improve the companies' performance. At best, externally introduced instruments may be an inspiration for changes in performance, but not the main reason. This impression is somewhat strengthened by answers to the question about which mechanisms the companies have used to implement the aforementioned instruments. Most of them repeated that the company-specific instruments have been the most important ones when it comes to affecting performance. Our impression is that the companies found it complicated to address this issue.

The perceptions of the companies about how their activities create impacts outside the company are in general far from modest.

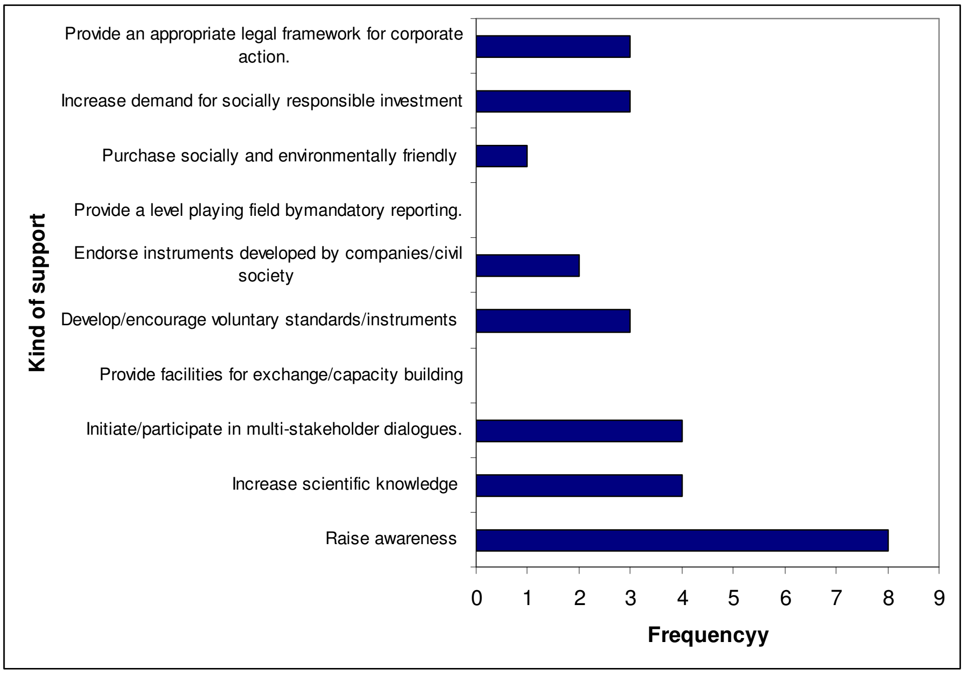
With only one exception, all answered that their activities have helped build capacity for society. Most also stated that their activities contributed to higher standards of integrity and transparency by their business partners including contractors, suppliers, agents and joint ventures. Some two thirds of the group stated that their activities 'served as a model for other companies and helped to diffuse knowledge or technologies'. Moreover, they also claimed that their activities had 'helped to trigger innovations in other companies/sectors'. Three companies stated that their activities removed the need for legislation presently being considered regarding the tackled issues. The same number (but some other companies) stated that their activities 'built the conceptual basis for new legislation regarding the tackled issues'. One company ticked all options.

Fig 17: The companies impression of impacts created outside the company



When it comes to the question of what kind of support the companies want policy-makers to lend in order to improve the companies' performance, answers vary quite a lot. Except for wanting policy-makers to contribute to raising awareness among companies, investors and consumers, there is no clear pattern to be found in the statements. As the EU is very eager to introduce CSR in business thinking through education, it is interesting that only one company requested this kind of assistance from policy makers.

Figure 18: Public policy support for CSR



6 Concluding Comments: What Do These Results Tell Us about CSR and European Oil Companies?

Before we sum up main findings and wind up with some concluding reflections, let us briefly note that we experienced some ‘questionnaire fatigue’, but managed to overcome at least some of it. We ended up with a response rate above half of the original sample, getting more or less complete responses from nine companies. A not very surprising lesson is of course that carrying out quite extensive surveys is an ambitious and time-consuming exercise. Thus we will recommend other researchers to plan carefully and expect delays! A very specific lesson is: seek to avoid the end of the year, when company executives are busy fulfilling internal reporting duties etc.

Let us then turn to a summary of main findings concerning how the oil companies perceive CSR. As the first step, we attempted to get an understanding of the companies’ ‘commitment’ to CSR. With regard to terms used to describe companies’ responsibility to the society and environment, the most striking feature was probably the significant conceptual diversity, although the terms ‘Corporate Responsibility’ and ‘Corporate Social Responsibility’ were the most popular terms. Given that the RARE project links up to the EU Commission’s emphasis on CSR primarily pertaining to efforts going beyond formal legal compliance, we asked the companies about their understanding of this issue. The main finding here was that the companies included in our sample do not agree with the EU Commission, as they give prime emphasis to CSR being a tool to achieve compliance with mandatory social and environmental legislation. On the issue of overall corporate CSR ‘visions’ and statements, all companies had such written statements. Almost all included countering bribery and promoting gender equality and a majority also included mitigating climate change and minimising the risks from chemicals.

Moving on to ‘corporate (CSR) strategy’, we inquired about the companies’ ranking of social and environmental issues in their formulation of strategies. Although the companies were reluctant to carry out such a ranking, it is at least clear that climate change has established itself as the most important issue for European oil companies. Countering bribery also has fairly high strategic importance. When translating responsibilities into corporate policies/strategies, almost all companies have developed specific policies targeting our four focused issue areas. Target setting is also common, although a bit more so in the case of climate change than, say, bribery.

The next main issues addressed were CSR instruments, activities and organization. Regarding instruments adhered to, the impression at first glance is certainly impressive, with six companies adhering to 15 or more. The most popular instruments are not surprisingly the Global Compact, OECD Guidelines, Responsible Care, ISO 14000, and the Global Reporting Initiative. This formal diversity is also matched by some specific activities and practices, although the causal relationship between the two is unclear. The companies were in fact engaged in a considerable number of activities within all our four targeted issue areas. They also signal priority to CSR issues by assigning internal responsibility for such issues to high-level functions (i.e. board level and senior management level responsibility).

Finally, what did the companies tell us about relevant performance? There is clearly some measuring going on, and data are to a considerable extent used for external reporting or are verified externally. However, responding to the 'key performance indicators' formulated by us turned out to be difficult. One complication in this picture was a reluctance to disclose performance information for competitive reasons. This also limited the companies' willingness to inform us about possible instances where they had refrained from investments due to social/environmental concerns. As to the contribution of CSR instruments to performance, the most important ones were clearly the 'company-specific' instruments and to a much lesser degree the more 'standard' instruments. With regard to the companies' perceptions of their external impact, their self-confidence was high. There was a widespread belief that they had both helped to trigger innovations in other companies and build the conceptual basis for new legislation.

Winding up, has the increasing rhetorical attention to concepts such as 'Corporate Social Responsibility' (CSR) and related weight given to CSR instruments led to corresponding changes in the behaviour of companies in our focused policy fields – or not? This survey of nine mainly European oil companies supports a very cautious positive answer to this question. At least; this is how they perceive the situation themselves. Presently, important and interesting changes are going on in the behaviour of companies. This study indicates that the increasing rhetorical attention to CSR and related weight given to CSR instruments may have contributed to some of these changes in practice. *How much* they have contributed is however an important matter for further research.

The Fridtjof Nansen Institute is a non-profit, independent research institute focusing on international environmental, energy, and resource management. The institute has a multi-disciplinary approach, with main emphasis on political science, economics, and international law. It collaborates extensively with other research institutions in Norway and abroad.

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