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# Oil, Gas & Energy Law Intelligence

## The Evolution of a Corporate Idealist: When Girl Meets Oil by Christine Bader - Book review by C. Batruch

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**OGEL** (Oil, Gas & Energy Law Intelligence): Focusing on recent developments in the area of oil-gas-energy law, regulation, treaties, judicial and arbitral cases, voluntary guidelines, tax and contracting, including the oil-gas-energy geopolitics.

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## Book Review

by Christine Batruch, CSR Editor at OGEL, VP Corporate Responsibility, Lundin Petroleum AB

### **The Evolution of a Corporate Idealist: When Girl Meets Oil**, by Christine Bader, publishers *Bibliomotion*, books + media, 2014.

The Evolution of a Corporate Idealist retraces the incredible journey of Christine Bader who has dedicated the last fifteen years of her professional life to the promotion of human rights, social and environmental responsibility within the corporate world.

Ms Bader explains how her life changed in 1999, when she heard a speech by John Browne, then CEO of British Petroleum who explained that “companies are not separate from the societies in which they work...this is our society too. The people who work for us are also citizens.” (p. XVII).

An MBA student at Yale at the time, Ms Bader obtained an internship in BP’s executive office in London, during which, as she explains, she “fell in love with that BP. And BP loved me back”. (p. XVII). She worked there nine years; on social issues in Indonesia, safety issues in China and on human rights at the headquarters in London. She left BP some months after Lord Browne’s resignation, as her position at headquarters, the new CEO and the accidents which the company had, led her to question the extent to which she could have a role in extending CSR in the company. She turned to the UN, and in particular to John Ruggie to whom she had been seconded by BP, to work on what would become the UN Guiding Principles for Business and Human Rights. When the Principles were endorsed by the Human Rights Council in 2011, she left the UN and has since been working as a lecturer and visiting scholar at Columbia University and as an advisor to BSR, a global business network focused on sustainability.

The uniqueness of Ms Bader’s book is that it explores in parallel the journey of an individual “Corporate Idealist”- as she likes to call herself and those who, like her, are engaged professionally in trying to improve social and environmental performances of companies - and of a corporation, BP, which, although it took on CSR in a very visible and pro-active way, has had a mixed record in terms of its ability to implement the change it had heralded. But it is not only the story of an individual or of a company; more importantly it is an insightful analysis of what CSR is really all about, what it means to be working in this field and how the many corporate idealists she interviewed take on this unique yet very challenging journey.

At a book launch I attended recently in New York, someone commented that this is a book which Corporate Idealists should give to their families and friends, so they are able to reconcile their perception of an individual moved by values working in corporations which are (too) often portrayed or seen as amoral if not immoral. I would extend this to a much larger audience; I believe this book should be read within companies, to better understand CSR and the valuable function it can play in achieving sustainable success; in academic institutions, particularly business schools, to help students understand that “how” one carries out business is as important as “what” goods or services one delivers; by NGOs who cannot believe that corporate executives can be motivated by anything other than high revenues and profits; and last but not least by Corporate Idealists who will find inspiration to go forward while gaining comfort that the challenges are many and the successes sometime less apparent.

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Let there be no misunderstanding, this is not the story of a “goody two shoes” who wants to make the world a better place or of a Don Quixote who chases imagined foes. This story recounts the path followed by a highly educated professional with strong business acumen who finds ways of saving the company from internal and external problems, and thus enormous sums of money, by improving the lives of workers and communities affected by the company’s activities.

In a convincing way, Ms Bader makes the case for companies to go beyond the traditional “Do no Harm” commitment to try to be a force for good. This is what she experienced when she engaged in a significant dialogue with local communities in Papua, Indonesia, and reached an agreement to relocate them adequately and peacefully in order to make way for a Liquefied Natural Gas Plant, or when she obtained better working conditions from the company’s contractors in China and managed to get the Chinese partner to carry out a social impact assessment and hire a Chinese Social Impact Manager. In doing so the company was able to gain its social licence to operate.

The need to go beyond legal requirements has been made clear by such scandals as erupted around the working conditions in factories producing goods for Nike, accusations of Shell’s alleged complicity in the execution of Nigerian activist Ken Saro-Wiwa or more recently the collapse of the Rana plaza in Bangladesh; the “court” of public opinion can often be more damaging in financial terms than a court of law.

The author also discusses some of the problems in pursuing such a mission. For example, she mentions the “sacrosanct” contract, whereby what is not in there cannot be done, or at the sole cost of the company, which means that if HSE or human rights provisions are improperly addressed, the company trying to promote those CSR standards must bear the full cost of improvement, rather than share them with their partners or contractors. This is particularly relevant in the case of turnkey contracts but also in a variety of contracts entered into in the oil and gas sector such as a model Production Sharing Contracts and Exploration and Production Sharing Agreements. Not all companies are willing or able to go the extra mile.

Ms Bader is also right to underline the importance of the language used within a company in order to get buy-in for implementing some CSR initiatives: talking about risk mitigation or reputational damage is more convincing in some board rooms or executive meetings than the protection of human rights or community engagement.

In her discussion of the role of Corporate Idealists, she poses the question as to whether change brought about is incremental or transformational, whether it takes place thanks to internal processes or because of external factors such as accidents or NGO campaigns. Through various examples, taken among the more than forty Corporate Idealists interviewed, one comes to the sobering realisation that fundamental change often results from crises. The key for Corporate Idealists is to use those events as opportunities to promote the change required (in that NGOs at times are allies are they provide the corporate idealists with arguments as to why change should occur); as Lord Browne wrote in his autobiography “Leaders are not perfect; they are bound to make mistakes as they do new things. But they must never make the same mistake twice” (p. 8).

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The only reservation about the book is that while it makes a convincing case for improving CSR performance it does not address in a convincing manner its perverse effects. Ms Bader could have, for example, discussed the fact that CSR performance is often measured by the number of procedures and processes (such as impact assessments) in place, without looking at the significant financial and human resource burden they represent for small and medium enterprises (SMEs), or companies in the developing world where environmental, social or governance standards are not yet embedded. Similarly she could have analysed the consequences of the requirements imposed by many stakeholders to fulfil multiple international CSR initiatives on the people whose rights CSR are meant to protect. There are many examples where companies refrain from or stop working in countries with poor social, environmental or governance standards for fear not of infringing the laws or even their ethical standards but of suffering reputational damage by their mere presence in that country. Although Ms Bader alludes to instances where CSR can have a negative effect, the topic deserves a more thorough examination. Perhaps it could be the subject of her next book?