

Corporate Social Responsibility

Peter Davies

IAEE Prague, 6 June 2003

Business is good for society



- Value of base business
 - tax, employment, skills, technology, infrastructure, ethics etc.
- Energy
 - improves quality of life; empowers and frees people
- Monetization of natural resources
 - contributes to improved distribution of revenue and other benefits



Force for Good?

Oil and Mineral Dependence leads to:

- Reduced economic growth
- Poor health care & high child mortality
- High rates of child malnutrition
- Poor education
- Vulnerability to economic shocks
- Corrupt, authoritarian & ineffective Government
- High military spending & heightened risk of civil war

Source: Oxfam USA, Extractive Sectors & the Poor
<http://www.oxfamamerica.org/eireport/index.html>

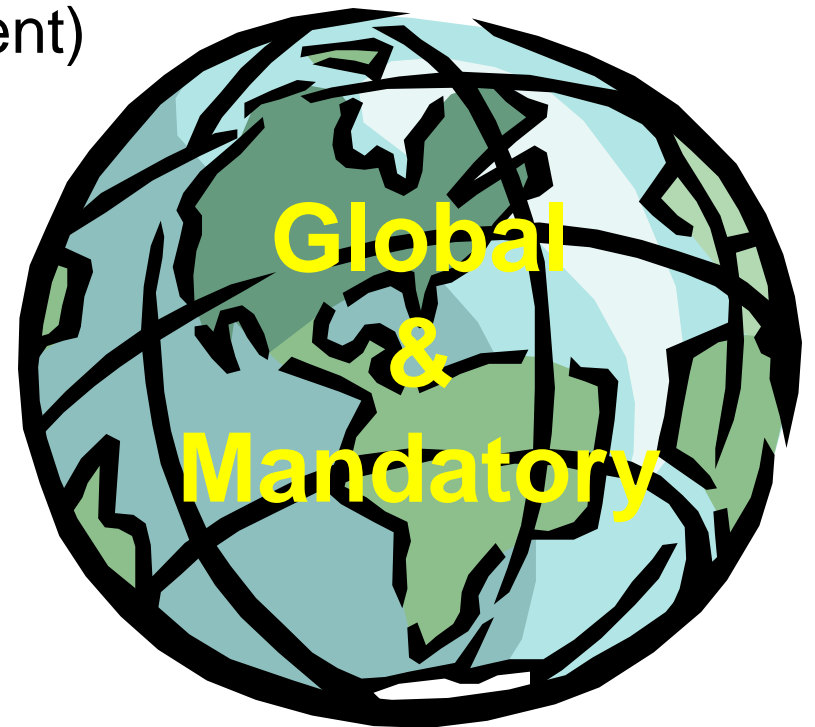
Where are the boundaries?



the five BP policies

In summary, we are committed to:

- **Ethical Conduct** (respecting the law & human dignity)
- **Employees** (fair treatment, and support in their performance-delivery & development)
- **Relationships** (creating mutual advantage & trust)
- **HSE** (respect for the natural environment & no harm)
- **Control & Finance** (transparency & long-term value)





Approaches

- Global Policies
- Regional Ethics Committees
- Line management responsibility
- Assurance
- Reporting
 - http://www.bp.com/location_rep/Angola/index.asp
- Stakeholder engagement and partnership

Location Reports



bp.com: Location reports - Angola - Microsoft Internet Explorer provided by BP Group Digital Business


File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites History Address http://www.bp.com/location_rep/angola/index.e Go

our company our businesses in your area

bp

angola



Angola deepwater exploration

Zaire
Angola
Zambia

print version
review by Ernst & Young

links

- Sources & Bibliography
- BP Makes First Ultra-Deepwater Discovery Offshore Angola
- Guide to our HSE and social reporting
- Location reports

Location reports

Alaska

Angola

- Context and challenges
- BP in Angola
- Social/environmental approach
- Stakeholder feedback
- Polides and performance
- External verification

Australia
China
Colombia
Indonesia
Poland
South Africa
Texas
UK/Scotland
Videos

Angola is now at peace after some forty years of war that has resulted in extreme poverty and deprivation for much of Angola's population.

Angola is set to be a major world oil producer - it is second after Nigeria in sub-Saharan Africa and production will increase sharply as newly discovered fields come on-stream.

BP is one of the international oil companies investing heavily in Angola - the first field that we have a share in started producing in 2001, we are leading development of a block that we expect to come into production 36 to 40 months after award of execution contracts and, in September 2002, we announced our first discovery ever in an Angolan ultra-deepwater block.

This Location report provides a briefing on Angola and its oil industry, on BP's oil exploration and production activities in Angola and on our social and environmental policies and performance to date. The report includes [feedback](#) on our performance from a sample of stakeholders specially interviewed for this purpose.

In developing the Location report we have discussed with stakeholders and staff regarding what they want to see in the report. We heard that the report should:

- Show BP's activities in context and provide links to other sources of information - it should help readers to understand Angola and the oil industry in Angola as a whole. "Help your employees and other readers to have a big picture understanding about our oil industry." (Government official); "Provide web links to government, academic and NGO web sites that offer relevant information, including alternative viewpoints." (Student)
- Explain how BP manages environmental and social issues - in particular how BP works with NGOs on social investment, how BP provides opportunities for Angolan employees and how BP implements its global policies in Angola. "The report should show what our commitment is to the country and what our social investments are - especially now there is peace." (Employee); "They should do more to publicise their business, and the way they do business here in Angola." (Civil society representative); "Giving out grants and funding for social projects must be attached to a clear strategy - the report should explain what that strategy is." (NGO)

The report has six sections:

- Angola: context and challenges** - an introduction to Angola, to the challenges of post-war reconstruction and development and to the oil industry.
- BP in Angola: governance and activities** - our business in Angola is oil exploration and production - we explain our exploration and production activities and how they will develop in the future; how our business is structured and the processes we follow to identify, manage and report on the key issues associated with working in Angola.
- Social/environmental approach** - our environmental and social objectives and strategy and the roadmap for the future.
- Stakeholder feedback** - who we consulted to get feedback on our performance, how the

Internet

External Verification



bp.com: Angola - external verification - Microsoft Internet Explorer provided by BP Group Digital Business

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites History Address http://www.bp.com/location_rep/angola/attest Go

bp our company our businesses in your area

External Verification

print version

Location reports

- Alaska
- Angola**
 - Context and challenges
 - BP in Angola
 - Social/environmental approach
 - Stakeholder feedback
 - Polides and performance
- External verification**
- Australia
- China
- Colombia
- Indonesia
- Poland
- South Africa
- Texas
- UK/Scotland
- Videos

Written by BP

Ernst & Young, the BP Group auditors, have substantiated the Angola location report. Their conclusion can be seen below. The primary focus of the substantiation process is to test the assertions and statements made in the text, in order to give assurance to the reader from an independent third party. The process of rigorously checking and challenging the text also provides assurance to the company of the integrity of the report.

A high proportion of the information contained in the report could be proven via documentation such as: presentations to third parties, internal action plans, training material, internal communications, policy documents, internal and external meeting minutes, and independent reports on stakeholder engagement etc. The Ernst & Young team also visited the BP offices in Staines and the Business Unit in Luanda itself in order to talk to BP staff and gather any outstanding necessary evidence. Two members from Ernst and Young's Social and Environmental Reporting Group made the trip to Luanda in late November 2002.

Visiting a sample of BP's operating sites is part of the overall process of independent attestation that Ernst and Young carry out each year to assess how the non-financial policies are being implemented and reported upon. The overall attestation process consists of seven steps, including: interviews with senior management, review of internal assurance documents, review of management meetings on the non-financial policy implementation, review of external media sources, HSE data review, substantiation of text and site visits. Each page of our Environmental and Social Report which has been reviewed by Ernst & Young as part of their overall attestation process can be identified by the sentence from Ernst & Young at the bottom of the page and the Ernst & Young attestation statement button.

Comment from Ernst and Young

'We reviewed evidence to support the assertions relating to BP's environmental and social performance in the Angola Location Report. When we have completed the seven steps in our attestation process for the Environmental and Social Report, we will produce an attestation statement with our conclusions. [Click here](#) for last year's attestation statement.'



Recent Policy initiatives

- No political donations
- No facilitation payments
- Increased transparency
- Voluntary Principles on Security and Human Rights
- HIV / Aids Policy



HIV/Aids policy in South Africa

- New policy for employees and their families
 - Key principles: non-disclosure, confidentiality, tolerance, non-discrimination
 - No compulsory testing
 - Primary care and medical services to those infected and affected
- Education and counselling programmes
 - Guidelines and training to managers
 - Voluntary counselling available to employees
- Partnerships with NGOs and organised labour
 - Soul City

Issues



- Boundaries
- Compulsory codes or conventions?
- Where should the focus be?
 - Reporting
 - Compliance
 - Advancing standards
- Local cultural practices
- Role of NGOs
- Globalisation and trade



Members of CSR Europe





CSR: Conclusions

- CSR is a strategic issue
 - not an optional extra
 - a business approach, not a philanthropic programme
 - a source of distinctiveness
- Increasing emphasis on reporting
- Expectations will continue to rise