

Arctic Energy Summit 2017 Helsinki

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Stakeholder engagement as a part of
CSR in the Russian oil sector

*Oil Production Networks in the Russian Arctic:
Societal Impacts and Potential for Partnerships /
Academy of Finland*

Corporate social and environmental responsibility (CSR)

- Legislation & something extra
 - *CSR implies that firms must foremost assume their core economic responsibility and voluntarily go beyond legal minimums so that they are ethical in all of their activities and that they take into account the impact of their actions on stakeholders in society, while simultaneously contributing to global sustainability.*

Sarkar & Searcy

2016

**It's about how you earn the money –
not how you spend it.**

Stakeholder engagement as a part of CSR

- Stakeholder engagement
 - a process where the company engages in
 - a *meaningful* consultation with
 - stakeholders who may be affected by the decisions of the company
- Included in most international CSR soft law regulations in some form, e.g.:
 - The UN Guiding Principles on Business and Human Rights
 - Meaningful consultations
 - IFC (International Finance Corporation) Performance Standards on Social and Environmental Sustainability
 - Consultation and disclosure of information

Global standards in Russia

- E.g.:
- UN Global Compact
- Global Reporting Initiative (GRI)
- ISO 140001 environmental standards
- ➔ very vague requirements on stakeholder engagement

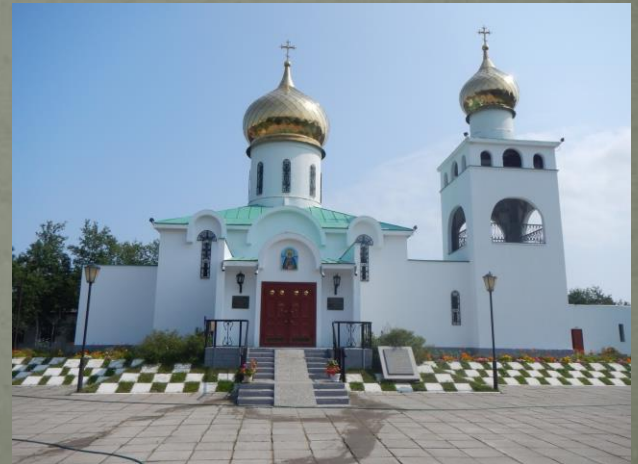
- Standards of international banks / clients only
 - Consultation and disclosure of information

Russian legislation on participatory rights

- Russian environmental law includes very little participatory rights
- EIA decree (Prikaz Goskomekologii No. 372, 2000) guarantees the right to access to information, and to express ones opinion
 - But applied rarely currently
- EIA public hearings have become ‘battle fields’; technical vs. social vs. environmental issues

CSR in Russia

- **Benefit-sharing agreements** compose the most important part of CSR of oil companies in Russia
 - Important for municipalities and regions
 - Not public agreements, not much participation



Lack of stakeholder engagement

- An exception: a benefit-sharing agreement between a Russian oil company and a regional NGO
 - the oil company agreed to inform the NGO about oil leaks and forthcoming projects even if legislation does not require it.



- People in polluted oil production areas would prefer clean environment to monetary support
- People also want more information and discussions
- In Russia stakeholder engagement is extensive only in cases where international banks are financing projects



Conclusions



- Generic global standards do not guarantee proper participatory rights
- In Russia the aim could be
 - Well-functioning EIA legislation +
 - Voluntary stakeholder engagement in
 1. project planning
 2. environmental damages (e.g. oil leaks) &
 3. benefit-sharing negotiations