

**Casestudy:**  
***QUIET DIPLOMACY***

**Amnesty International and Pax Christi  
versus  
Shell (Nigeria)**

At the end of 1995, in the wake of the Brent Spar debacle (See bookchapter) Shell once again became involved in a pressing CSR issue. Shell was accused of helping the Nigerian authorities construe evidence against, among others, Ken Saro-Wiwa, the founder of the Movement for the Survival of the Ogoni People (MOSOP). Witnesses had allegedly also been bribed into making statements against the activists. Shell was also accused of having provided weapons and financial support to the Nigerian army. Finally, Shell was accused of recruiting local policemen and soldiers to carry out attacks on villages and crush protests. Amnesty International, Pax Christi and The Body Shop duly sounded the alarm.

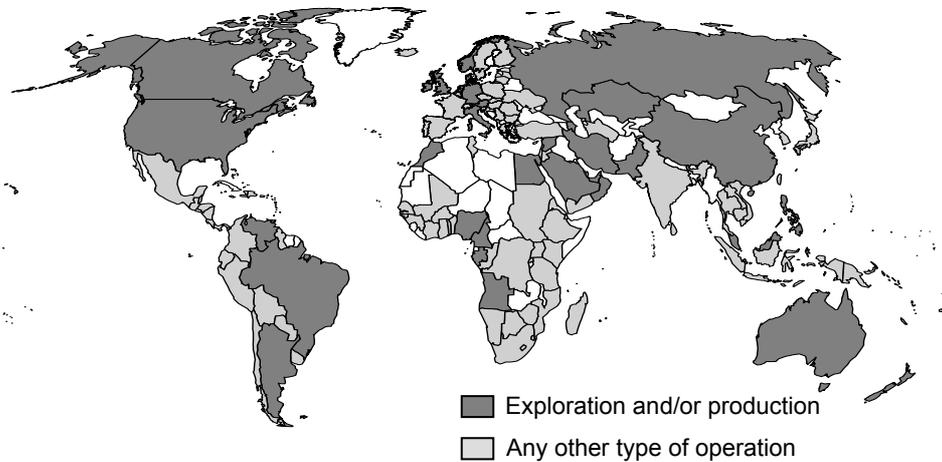
**Societal Interface Management Challenges**

<b>PUBLIC</b> ✨ <b>PRIVATE</b>	<b>PROFIT</b> ✨ <b>NON-PROFIT</b>	<b>EFFICIENCY</b> ✨ <b>ETHICS/EQUITY</b>	
Totalitarian regimes are a government matter, ditto capital punishment, why should Shell take steps to change it?	Local community as customers: relevant  Local community as neighbours: less relevant	Nigeria has rich oil reserves: good quality, enormous capacity, relatively cheap oil	Distribution of wealth in Nigeria  Human rights, safety and the environment  Oil crucial in keeping economy afloat
Oil companies cannot avoid doing business in economically unstable countries	Who represents the local community?		
Universal human rights/not?	Business community involvement		
Partnership with governments/not?			

This case has been written by Alex van der Zwart with Rob van Tulder (RSM Erasmus University). This case applies the methods and theories as used in the book "International business-society management: linking corporate responsibility and globalization" (2006, Routledge), [www.ib-sm.org](http://www.ib-sm.org). The Dutch newspaper articles in this case have mostly been translated into English.



TNI based on scope data for 1995 and 1996 is 58%



Number of countries in which Shell has activities						
	Euro	CI	Afric	Middle East and	Asia	Americ
Exploration	6	3	6		4	6
Production	7	2	4		5	6
Downstream natural gas / power generation	10	1	2		3	8
Refining	10	0	6		2	9
Marketing - Oil Products	32	5	37		10	24
Chemical manufacturing / marketing	13	1	5		4	12
Other - including renewables, consumer, hydrogen	12	0	3		3	6
<b>Total Countries</b>	<b>32</b>	<b>5</b>	<b>38</b>		<b>11</b>	<b>24</b>

Source: Shell Group 2003 Annual Report, p11

### Shell Petroleum Development Company (SPDC)

Shell, in full, the Royal Dutch/Shell Group came into being in 1907 through a merger concluded between NV Koninklijke Nederlandsche Petroleum Maatschappij and The Shell Transport and Trading Company (Shell Transport). On July 20th 2005 the unification of Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company plc under a single parent company, Royal Dutch Shell plc, was completed. Royal Dutch Shell plc is a company incorporated in England and Wales and headquartered and resident in The Netherlands for Dutch and UK tax purposes. Royal Dutch Shell plc shares are traded on London Stock Exchange, Euronext Amsterdam and New York Stock Exchange (in ADR form). The firm operates in more than 135 countries worldwide and its core activities are: Exploration and Production, Oil Products, Chemicals, Gas and Power and Renewables. In 2000, the net earnings of Shell worldwide amounted to 11,2 billion euro. Shell controls the entire chain of production – from well to pump. It is both a business-to-business and business-to-consumer enterprise. Shell is listed on a number of stock exchanges, but in the Netherlands it is listed on the AEX Index under the name Koninklijke Olie/Royal Dutch. According to the magazine *Fortune*, Shell is one of the largest companies in the world and according to *Forbes* magazine, in the year this conflict played out it was also the most powerful. Shell's most significant competitors are ExxonMobil, BP Amoco, Chevron, TotalFinaElf and Texaco. Shell Petroleum Development Company (SPDC) in Nigeria is one of the largest operating companies of Shell. In 2001, Shell was responsible for 42 percent of Nigeria's oil production.



## Conflict

Shell has been operating in Nigeria since 1940 when it was still a British colony. SPCD is the operating company in a joint venture with the government-owned Nigerian National Petroleum Corporation (NNPC), which holds 55 percent of the shares. Shell owns 30 percent, Elf 10 percent and Agip 5 percent. Shell has been drilling for oil in Ogoniland in Nigeria since 1958 and has great stakes in a region that has the potential to yield approximately 10 billion barrels of oil. Oil is relatively easily extracted in Nigeria and also of a very high quality. For Shell, Nigeria is the third largest oil-producing country. For Nigeria, oil is the primary source of income. Oil exports generate almost 90 percent of the country's revenue.

## The beginning

In 1988, the founders of The Body Shop (TBS), Anita and Gordon Roddick, and Amnesty International started their first joint campaigns against human rights violations in Nigeria under the military dictator, general Abacha.<sup>1</sup> Early in 1993, Shell in Nigeria became caught up in a conflict between the indigenous population of Ogoniland and the Nigerian government. The Ogoni tribe is one of 250 tribes in Nigeria and consists of 500,000 people. The Ogonis live on one of the richest oil fields in Nigeria. Shell owns eight oil fields and about 200 oil wells in the region. An underground pipeline connects the production

## Amnesty International

Since its establishment in 1961, Amnesty International has grown into a large international organisation. The objective of Amnesty is to make a contribution to the worldwide observation of human rights in accordance with the Universal Declaration of Human Rights. Among other things, Amnesty is engaged in the promotion of fair trials for political prisoners and the abolition of capital punishment and torturing practices. The organisation has more than a million members, donors and permanent beneficiaries from more than 150 countries. It has branches in 55 countries. These branches act as central coordination point for campaigns, fund-raising and publicity. Amnesty also focuses on involving companies in the promotion of human rights. The organisation advises companies on safeguarding human rights within companies but also on the influence they can exert beyond company boundaries.



## Pax Christi

Pax Christi is active in the peace movement in more than 20 countries. Pax Christi was founded in the years following World War II when French and German youths organised gatherings to overcome their historical animosity. Both Amnesty and Pax Christi appeal to companies *not* to withdraw from countries known for human rights violations, encouraging them instead to employ their power to bring about change or to contribute to improving the situation. The organisations pursue this goal preferably through dialogue with the company in question (Amnesty International and Pax Christi, 1999: 11). Both Amnesty International and Pax Christi are involved in, among others, the UN, the European Council and the ILO in an advisory capacity.



## The Body Shop (TBS)

Since the founding of their company, Gordon and Anita Roddick have pursued a proactive social and environmental policy. The Body Shop also supports campaigns that are in the interest of the natural environment and the oppressed. During the course of the conflict, the environmental organisation Greenpeace also made its voice heard.



The **Movement for the Survival of the Ogoni People (MOSOP)**, led by Ken Saro-Wiwa, also had a prominent role in the affair.

<sup>1</sup> [www.the-body-shop.com/global/values/rights/hr\\_history.asp](http://www.the-body-shop.com/global/values/rights/hr_history.asp), consulted on 13 March 2002.



sites. The natural gas that is discharged in the oil extraction process is flared above ground. This extraction method has a severe impact on the natural environment, along with pipeline leakages due to age and/or sabotage. As a result of water and soil pollution, agriculture and fishing have become seriously impeded. While the Ogonis were bearing the costs, they were receiving precious little benefits from the revenue their oil-rich soil was generating. The Nigerian government is for a large part dependent on income from oil exports and also owns the majority share in SPDC. When the oil price came under pressure in the early nineties, the Nigerian government put a stop the allocated oil proceeds to individual tribes. In 1993, the Ogonis entered the struggle with the oil company.

## **MOSOP**

In 1990, writer and activist Ken Saro-Wiwa founded the Movement for the Survival of the Ogoni People (MOSOP).<sup>2</sup> The movement joined the UNPO, the organisation for peoples that are not represented by the UN. The UN named 1993 the year of indigenous peoples and Ken Saro-Wiwa made good use of the international attention. He employed Shell as icon to draw attention to the plight of the Ogonis. In the eyes of MOSOP, Shell was one of the greatest evildoers in the oppression of the Ogonis. Shell was also accused of paying protection money to the military regime to forcefully suppress Ogoni protests.<sup>3</sup> Additionally, according to MOSOP, the company polluted the area and compensated the local population insufficiently for their land. MOSOP opposed the economic exploitation of the Ogoni people, an environmentally degrading industry and the practices of the ruling dictatorial regime. It was through the income that Shell generated for the Nigerian dictatorial regime that the latter remained in power, the environment was polluted and the Ogonis received no share in the proceeds.

Shell, however, interpreted the situation differently. It viewed the protest actions of MOSOP as an attempt to gain acknowledgement for the problems of people in oil-producing regions. Shell admitted to the environmental problems, but pointed out that the company cleaned up polluted areas and compensated affected parties. According to Shell, it did everything in its power to prevent environmental damage but also maintained that the local population frequently sabotaged the oil pipeline in order to pocket the damages.

## **Withdrawal from Ogoniland in 1993**

In the course of 1993, the protests against Shell and the Nigerian government acquired a more violent character. The Nigerian government and the military retaliated with force, often violating human rights. In that year, hundreds of Ogonis were killed in conflicts with the army.<sup>4</sup> According to Ken Saro-Wiwa, Shell was partly responsible for the army's violence against the peaceful protesters. Since 1993, in an attempt to secure the release of Ogoni prisoners, The Body Shop stores were used as campaign locations. It became a place of protest against the military dictatorial regime and against powerful multinational companies who do business with questionable regimes.<sup>5</sup> Although Shell continued to produce about 25.000 barrels of oil a day during this period,<sup>6</sup> in January 1993, it decided to discontinue operations in Ogoniland. According to Shell, the decision was prompted by that fact that the safety of its employees could no longer be guaranteed. Shell believed that it had a duty to care

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<sup>2</sup> [www.oneworld.org/mosop/](http://www.oneworld.org/mosop/), consulted on 14 March 2002.

<sup>3</sup> Rombouts, R. (1995), 'Boycot-campaign contemplated due to role of Shell in Nigeria', *Het Parool* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 17 January 1995.

<sup>4</sup> Mat, J. (1993), 'If Shell cleans up we can move on with our lives', *nrc-Handelsblad* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 13 November 1993.

<sup>5</sup> [www.the-body-shop.com/global/values/rights/hr\\_history.asp](http://www.the-body-shop.com/global/values/rights/hr_history.asp), consulted on 14 March 2002.

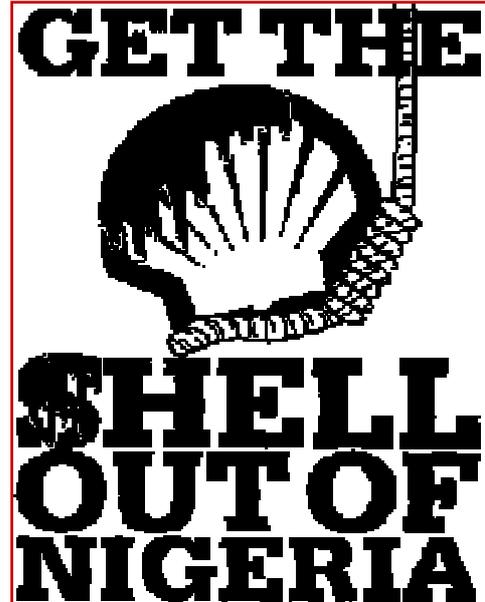
<sup>6</sup> 'Shell: 'Business as usual' after death sentences Nigeria', *FD* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 2 November 1995.



for its employees, especially with regard to security within and beyond the gates of the company. International societal organisations and MOSOP were partly credited with Shell's withdrawal from the region. Shell's production of oil in Nigeria subsequently declined by more than 20 percent.<sup>7</sup>

### Sentence

In May 1994, Ken Saro-Wiwa, along with eight other MOSOP members, was arrested and jailed.<sup>8</sup> Eighteen months later, on 31 October 1995, the Nigerian government sentenced them to death for egaging in activities undermining the state, inciting violence in younger MOSOP members and for the alleged murder of four government-affiliated tribal chiefs.<sup>9</sup> Shell CEO, Herkströter, responded by stating that the company could not undertake action to prevent the executions. It was not Shell's responsibility. On several occasions, however, Shell communicated to the Nigerian government that it was of utmost importance that people were given a fair and objective trial. Shell refused to adopt the role of judge - particularly if it involved the death sentence.<sup>10</sup> Shell further defended its position by emphasising that as a commerical company, it did not wish to interfere with local politics.<sup>11</sup> Societal organisations in several countries called for a boycott of the oil firm. Accordingly, Earthlife Africa in South Africa also called for a national consumer boycott.<sup>12</sup>



### Executions

In November 1995, environmental organisation Greenpeace and human rights organisation Amnesty International appealed to the Board of Shell to put pressure on the Nigerian government to refrain from carrying out the sentence.<sup>13,14</sup> On 8 November 1995, after days of unyielding pressure and politics from public interest organisations, Shell eventually requested the Nigerian president to grant clemency to the nine prisoners.<sup>15</sup> The request was of no avail and on 10 November 1995, despite fervent protests from Amnesty International, Pax Christi, international pressure groups, the UN, governments all over the world and Shell, the executions were carried out. The public outcry against Nigeria, but also against Shell, was immense. From 31 October 1995, the day that the first nine Ogonis were sentenced to death,

<sup>7</sup> 'Oilmarket calm after Shell-news Nigeria', *FD* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 29 April 1997.

<sup>8</sup> [www.hrw.org/reports/1999/nigeria/Nigew991-08.htm](http://www.hrw.org/reports/1999/nigeria/Nigew991-08.htm), consulted on 14 March 2002.

<sup>9</sup> 'Deathpenalty for five leaders of Ogoni's in Nigeria', *NRC-Handelsblad* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 31 October 1995.

<sup>10</sup> 'President in deep water', *Volkskrant* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 4 November 1995.

<sup>11</sup> 'Shell: 'Business as usual' after deathsentences Nigeria', *FD* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 2 November 1995.

<sup>12</sup> 'International boycott Shell', *FD* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 9 November 1995.

<sup>13</sup> 'Shell: no action campaign against Nigeria', *NRC-Handelsblad* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 2 November 1995.

<sup>14</sup> 'Shell being asked to step up against deathpenalties Nigeria', *VK* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 3 November 1995.

<sup>15</sup> 'Shell asks Nigeria clemency after confirmation deathsentences', *VK* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 9 November 1995.



to mid December, newspapers worldwide were filled with articles about the issue in Nigeria. In the months around the time of the execution (October, November and December 1995) newspapers in the Netherlands alone published more than 350 articles, all of them mentioning Shell's involvement in the affair. Shell did not withdraw from Nigeria. It was argued that the Nigerian people would be the victims of such a decision. The Nigerian economy, after all, depends on oil exports.

Around 12/13 November 1995, Nigeria was barred from the Commonwealth and publicly condemned by almost all Western countries.<sup>16</sup> General Abacha's laconic reaction resulted in an international boycott of his country. In Great Britain, Germany and South Africa the protests were vehement, also against Shell. In 1996 and 1997, the focus of the protests shifted from Ken Saro-Wiwa to the remaining prisoners, the 'Ogoni 20'. This group was apparently awaiting the same fate as Ken Saro-Wiwa and the other eight MOSOP activists. The Body Shop launched a worldwide campaign which eventually led to the release of the Ogoni 20 in September 1998. The campaign won the Best International Campaign and Campaign of the Year Award at the PR Week Awards in Great Britain.<sup>17</sup>

## **Demonstrable indicators of reputational damage**

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### **Consumer market**

The consumer market exhibited significant negative reactions to the Shell/Nigeria issue.

- In protest against the conduct of Shell in Nigeria, the metro council of the Canadian city Toronto, turned down a contract with Shell. With 17 against 15 votes, the metro council voted down Shell's 1,2 million Canadian dollar (more than 600.000 euros) bid to supply the municipality's fuel. This was decided despite the fact that Shell's bid was the lowest. According to the metro council, Shell was responsible for extensive environmental damage in Ogoniland and the company exerted insufficient pressure on the Nigerian regime to prevent the execution of Ken Saro-Wiwa and eight other activists.<sup>18</sup>
- On 14 November 1995, the World Bank decided to withdraw from a proposed liquified gas project in which Shell had a 24 percent share.<sup>19</sup> The World Bank would have invested approximately 325 million euros.
- Academics within the British Royal Geographical Society could not reconcile themselves with receiving further funding from Shell International. A motion to stop requests for financial support from Shell was widely supported: more than 80 percent voted against Shell.<sup>20</sup>

A wholesale boycott in Europe did not seem to get off the ground.

### **Capital market**

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<sup>16</sup> 'Common Wealth dismisses Nigeria for two years', *NRC-Handelsblad* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 13 November 1995.

<sup>17</sup> [www.the-body-shop.com/global/values/rights/hr\\_history.asp](http://www.the-body-shop.com/global/values/rights/hr_history.asp), consulted on 13 March 2002.

<sup>18</sup> 'Toronto doesn't want petrol from Shell', *Trouw* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 8 December 1995.

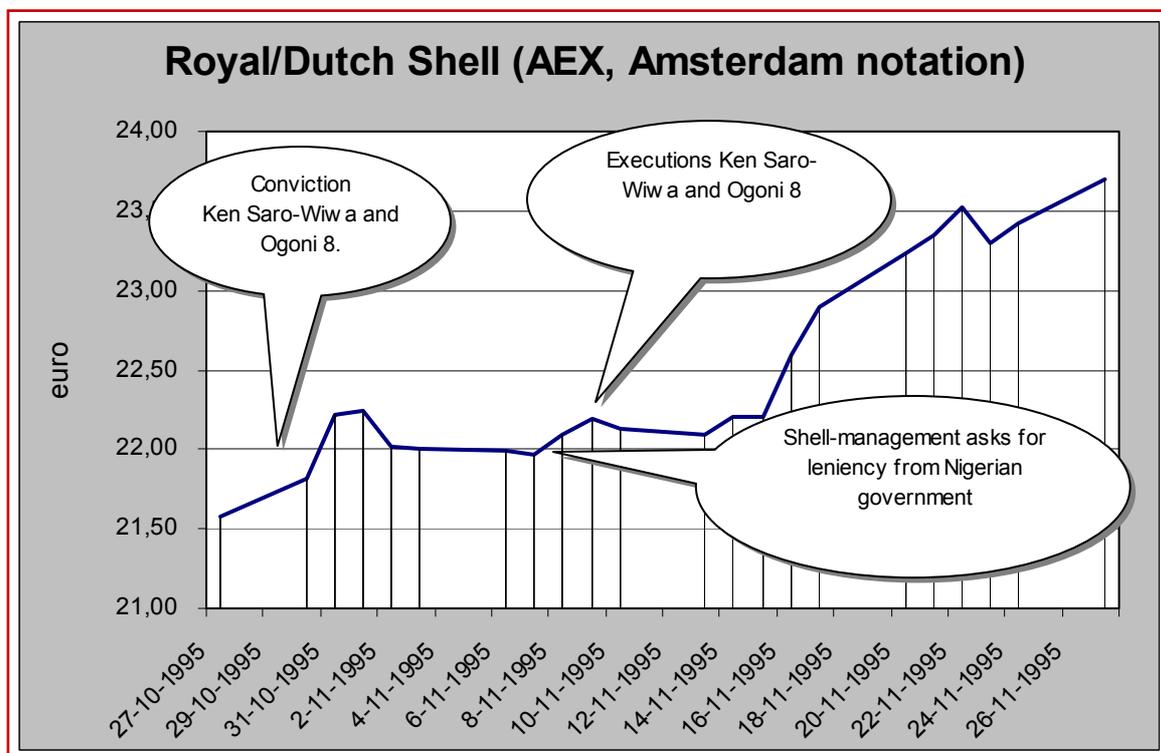
<sup>19</sup> 'LNG-project Shell in Nigeria 'very healthy'', *FD* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 14 November 1995.

<sup>20</sup> 'Britse club van geografen wil Shell niet meer als geldschietter', *VK* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 8 January 1996.



To examine whether capital markets, in this case investors, reacted to the issue surrounding Shell in Nigeria, the price movements of the Royal Dutch share was followed on the Amsterdam AEX Index for the period of one month.

27 October 1995 – 27 November 1995. In the build-up to the issue’s climax, at the beginning of November 1995, the share price exhibited a changeable picture. The share remained fairly stable until the end of October 1995. On the day the sentence was handed down and the day after, the share price displayed a total increase of 3 percent. The AEX Index steadily followed suit. The constant criticism in the days after the sentencing, early November, got a hold over the share price: it dropped slightly, as did the AEX Index. On the day Shell requested the Nigerian government for clemency, accusations of Shell’s complicity seem to have been retracted. The share price increased and continued to do so even in the weeks following the executions, also at a much greater pace than the AEX Index. The figure below depicts the price movements of the share in the period around the execution of Ken Saro-Wiwa.



Also on the Frankfurt and New York stock exchanges, the Royal/Dutch Shell share price exhibited an upward trend. Even the reports of Shell’s alleged financing of militia men in December 1995, were given a lukewarm reception on the stock exchange floor. From the moment the sentence was handed down up to the end of November 1995, the market value of the oil firm increased by almost 3,9 billion euros. At a subdued New Year’s cocktail party (due to the ordeals Shell endured that year) on 4 January 1996, the Board could be comforted by a share price increase of almost 20 percent since Ken Saro-Wiwa’s death sentence was handed down, compared to an increase of the AEX Index of almost 13 percent. The Brent Spar debacle, at least as far as the stock exchange was concerned, was something of the past.

Possible explanations for these developments:



- Ethical investors already jumped the Shell ship months before, in connection with the Brent Spar affair;
- investors concurred that Shell could not be held responsible for the situation in Nigeria;
- Shell had, due to its engagement with the Brent Spar issue, built up such a reservoir of goodwill – and a robust reputation – that it was given the benefit of the doubt.

### **Labour market**

According to Shell, the Brent Spar and Nigeria issues did not much influence its attractiveness as employer. Together with the economic decline of the oil industry (low crude prices), the matter led to a lower intake of new recruits from the mid to late nineties. Moreover, it was reported that the children of Shell employees worldwide were subjected to harrasment at school (Schwartz and Gibb, 1999: 28). This caused thorough concern among Shell employees.

The Corporate Image Barometer (cib, 1994: 21) of de Telegraaf and the annual corporate reputation research conducted by Intermediair (Intermediair, 2002: 30) show that at the time of the Brent Spar and Nigeria affairs, Shell had become a significantly less attractive employer. Slowly but surely, however, the company clambered out of the dip. In 2002, Shell ranked second among the nation's favourite employers, while in 1999, it occupied fourth place (Intermediair, 2002).

Research conducted by Shell shows that the number of people who had an unfavourable or favourable impression of Shell, respectively decreased and increased in connection with the issue surrounding Nigeria.<sup>21</sup> According to Shell, reputational damage failed to occur in connection with the Nigeria issue.

### **Demonstrable indicators of disciplining**

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Shell undertook several (disciplining) initiatives to manage the Nigeria issue.

- In 1997, the company refined its Statement of General Business Principles (SGBP). Moreover, the code states that Shell will avoid involvement in political activities, also in politically sensitive and unstable countries like Nigeria (Shell, 1998: 38). Partly as a result of intensive dialogues with Amnesty International, Pax Christi and Greenpeace, Shell refined its SGBP in March 1997. Shell is the first, and as yet only, oil company which endorses the Universal Declaration of Human Rights (Schwartz and Gibb, 1999: 31). This is a direct consequence of the problems in Nigeria. Notable is the media's silence about the modification of Shell's code of conduct, especially since both Shell and Amnesty International issued press releases. What is also noteworthy in the new code is the omission of the explicit assumption that as multinational, Shell can exert precious little influence on its social, political and economical environment. The company, after all, would not meddle in politics. In the new code of 1997, Shell explicitly acknowledges a certain political, social and economic responsibility. This adjustment is a direct result of the Brent Spar and Nigeria affairs.

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<sup>21</sup> 'Shell sees profits in good name', *VK* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 14 September 2002.



- In Nigeria especially, Shell reviewed its security policy in light of three UN documents: the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officers, the UN Code of Conduct for Law Enforcement Officers and the UN Pocket Book on Human Rights for the Police.
- In 1997, an amount of 125 million euros was spent on local community and environmental projects in Nigeria;
- Shell decided to publish a sustainability report: The Shell Report. The issue of doing business in politically sensitive regions is mentioned explicitly in the report.
- Up to 2001, hundreds of contracts with suppliers and a few joint ventures were discontinued for being inconsistent with the Shell Business Principles. Shell has also taken in a more explicit position on corruption. In the course of the years, dozens of employees have been dismissed without pardon due to involvement in corrupt practices, for instance in their relationship with local governments.

## Outcome

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### Whose interests were met?

Shell eventually changed tack to some degree: the company requested clemency for Ken Saro-Wiwa and the eight other activists, but to no avail. The executions were carried out and Shell is still in Nigeria, even though the company has not been active in Ogoniland since the protest actions of The Body Shop and MOSOP. Shell also spends much more money on community projects in Nigeria than ever before. A major lawsuit against Shell regarding its involvement in the affair is still running. As yet, the case appears undecided. This seems to apply also to the reconciliation processes still underway in Ogoniland.

### Issue resolved?

Shell's request for clemency from the Nigerian government did not resolve the issue. Since the conflict, Shell has however developed a number of initiatives, but it has not brought the Ogoni people closer to solving their problems.

To this day, Shell has not returned to Ogoniland. Shell does however have operations in the Niger Delta.<sup>22</sup>

In 1998, a number of victims of the affair, along with a few public opinion organisations in the US filed a lawsuit against Shell (Werner and Weiss, 2002: 111). According to the company, a ruling against Shell would open the door to charges being pressed against every multinational listed on the American stock exchange. Many companies would be at risk of being summoned to court to account for allegations unrelated to their own country and moreover, not at odds with the federal administration of justice and legislation.<sup>23</sup> On 26 March 2001, the New York Supreme Court rejected Shell's appeal. The case was sent back to



<sup>22</sup> [www.shellnigeria.com](http://www.shellnigeria.com), consulted on 12 March 2002.

<sup>23</sup> 'US Supreme Court Clears Way for Relatives to Sue Shell over Saro-Wiwa's Death', *The Independent*, 27 March 2001.



the judge. In March 2001, the relatives of Ken Saro-Wiwa finally decided to take Shell to court in the US. In addition to aiding and abetting murder and torture, Shell stands accused on recruiting local police officers to carry out attacks on villages so as to crush protests.<sup>24</sup> Next to this, the company stands accused on helping the Nigerian authorities compile evidence against Ken Saro-Wiwa and others. Witnesses have allegedly been bribed to make false statements against the activists. Shell allegedly also provided financial support and weapons to the Nigerian army (Schwartz and Gibb, 1999: 27). This lawsuit is still running and therefore the possibility exists that for the first time, a multinational could be called to account for its presence and role in the social, political and economic system of a repressive state. In addition to a couple of million dollars in compensation, Shell's precious reputation is at stake.

In January 2001, twenty people reportedly lost their lives in fights between local militias over control of two Shell petrol stations (Werner and Weiss, 2002). In the same period, a large area in Nigeria was flooded with petroleum when a pipeline exploded.<sup>25</sup> Shell in Nigeria has thus not disappeared from the moral spotlight.

### **The aftermath**

The problem of environmental pollution in Nigeria is ongoing and several groupings are involved in the matter.<sup>26</sup> Shell has acknowledged that the Brent Spar and Nigeria affairs had been a wake-up call. Shell is well aware that large multinationals are under great pressure from societal organisations to actively use their power and influence to oppose human rights abuses. Refraining from taking an active stance to protect humans and nature could lead to serious reputational damage (Shell, 1998: 32).

Since the affairs of 1995, Shell has been lauded for its CSR efforts and attempts to establish a dialogue with stakeholders. The company has been listed on a number of sustainability indices, such as the FTSE4Good, DJSGI World and Stoxx Index.<sup>27</sup> The company is regarded by many as a, if not *the*, frontrunner in the area of CSR. The dialogue with its social environment has played a great part in this.

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<sup>24</sup> 'Shell in US court for murder in Nigeria', *FD* (DUTCH NEWSPAPER, HEADING ORIGINALLY IN DUTCH), 28 March 2001.

<sup>25</sup> 'Shell-Pipeline explodiert', *Die Tageszeitung* (GERMAN NEWSPAPER, HEADING ORIGINALLY IN GERMAN), 11 January 2001.

<sup>26</sup> The website [www.essentialaction.org/shell/report/](http://www.essentialaction.org/shell/report/) offers an overview of the current affairs of Shell in Nigeria seen through the eyes of the civil society. An extensive report can also be downloaded from the website: Okanta, I. en O. Douglas (2001), *Where Vultures Feast: Shell, Human Rights, and Oil in the Niger Delta*, Sierra Club Books, San Francisco.

<sup>27</sup> [www.sustainability-index.com/djsi\\_world/djsi\\_world.html](http://www.sustainability-index.com/djsi_world/djsi_world.html), consulted on 3 November 2002.