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The Keystone Effect

Opposition movements to Bakken oil trains and pipelines are popping up in Native and non-Native communities across the US. In Iowa, citizens groups have collected more than 2,600 statements against a pipeline proposed by Dakota Access LLC. In North Dakota, labor unions are opposing a pipeline proposed by Bridger Pipeline LLC because of the company's poor safety record; it spilled 30,000 gallons of oil earlier this year. In Minnesota, tribes are using their treaty rights to delay construction of Enbridge's Sandpiper Pipeline. Residents of Kingston, New York are rallying against the transport of volatile forms of crude near their town. Even in the oil and gas hub of Houston, a recent article in *The Houston Chronicle* referred to the vast network of oil trains near the city as a "a ticking time bomb." Many of these stories are appearing in mainstream news.

The emergence of so much local resistance is being dubbed the "Keystone Effect" as it is believed to be triggered by the larger controversy surrounding the Keystone XL Pipeline. When matched with market volatility, fossil fuel divestment, and advancements in renewable energy, the Keystone Effect poses a major challenge to the oil and gas industry. Support from politicians is no longer enough. The industry must adopt drastically different approaches to community engagement in order to retain its competitive edge.

Sources: [Des Moines Register](#), [Washington Times](#), [Minnesota Public Radio](#), [River Keeper](#), [Houston Chronicle](#)

Turning Risk into Opportunity

A new nonprofit called the West Segment Regulatory Commission has been established to

monitor oil and gas drilling on the Fort Berthold Reservation in North Dakota. The commission "aims to address issues related to environmental impacts...[as well as] drug trafficking, human trafficking, and other crimes that have increased with the jump in population." It has mixed support from elected tribal officials; it is approved by the Tribal Business Council but opposed by the Tribal Chairman. It also has mixed support from industry; the North Dakota Petroleum Council says it "supports the goal of increased safety" but "is concerned about duplication of rules and additional fees piled on top of a regulatory process that already involves federal, state, and tribal agencies."

A social license to operate requires diverse and inclusive community engagement. Rather than writing off the commission as a regulatory burden, companies may choose to take advantage of the opportunity to hear a greater mix of community perspectives.

Sources: [Prairie Business](#)

Supporting Sustainable Development

The impending closure of Alinta Energy's Leigh Creek Mine and two associated power stations will eliminate many jobs and services in the remote Aboriginal community of Nepabunna, South Australia. Residents are concerned, but optimistic that their town will survive the economic downturn. Discussions are taking place with government officials about small business development and other employment alternatives.

A company's social investment strategy should include the goal of long term financial stability. Every project will eventually come to an end, but steps can be taken to mitigate the "boom and bust" effect that often characterizes development in rural areas. When a company departs from a community, residents should be collectively better off than they were when the project began.

Sources: [ABC](#)

Land Tenure Risk

Residents of Maruwai Village in Central Kalimantan, Indonesia have filed a claim for legal title to 1,000 hectares of land within BHP Billiton's IndoMet Coal project, under a new program that aims to recognize the customary land rights of Indigenous Peoples in the province. According to an article in *The Jakarta Globe*, about half of the villagers oppose the project, and a community leader says they are "racing" against the company to protect their land.

In response, BHP Billiton reported that the project "is within a government designated state forest area and therefore land compensation is not required by Government regulation. However, after an open and extensive consultation process with community representatives, IndoMet Coal provided a goodwill payment to enable the purchase of offsetting land and capacity building measures for community members. This was done with the agreement of the local community representatives. Separately IndoMet Coal has worked with representatives of the Maruwai Village on a range of community development initiatives."

Land is an extremely important issue for Indigenous Peoples. A company may have trouble acquiring community support if there are uncertainties surrounding land tenure and land use, regardless of how robust their community development or compensation schemes are.

Sources: [Business and Human Rights Resource Centre](#)

Choosing the Right Intermediary

An Australian firm hired to perform the social and environmental impact assessment (SEIA) for a hydroelectric dam in Shan State, Myanmar is accused of pushing the project forward without proper public consultations. A statement from local NGOs called the SEIA process "a sham, aimed to rubberstamp the dam plans, rather than objectively assess the project's actual impacts. Despite promising to hold 'comprehensive' public consultations in impacted townships, [the firm] has since last month canceled all public consultations at the township level, instead only holding closed door meetings with government officials...This appears to be a deliberate strategy to avoid facing community protests." Additionally, the firm is accused of

“only explaining the positive impacts of the dam, giving [locals] gifts which they saw as bribes, and persuading them to sign documents they didn’t understand.” The dam is a joint project of state owned Burmese, Chinese, and Thai utility companies. It is one of six dams proposed in the region.

As SEIAs became increasingly standard practice, so will the number of firms claiming to be able to carry them out effectively. If a company chooses to outsource an SEIA, it must be careful not to hire a firm that will turn communities against the project.

Sources: [Irrawaddy](#)

Examining True Costs

Since 2007, four communities in Costa Rica’s Caribbean region have been unable to drink their tap water because their aquifers were contaminated by pesticides used in nearby pineapple plantations, the largest of which is owned by a subsidiary of [Fresh Del Monte Produce](#).

Government studies deemed the water unsafe for consumption, and the communities are relying on bottled water imported at the public’s expense. Efforts to obtain compensation from the company are tied up in court, and the communities are growing frustrated by the lack of a long term solution.

First Peoples Worldwide is one of several partners launching a “True Costs Collaboratory” aimed at tracking dollars spent by communities and government agencies to resolve problems caused by corporate misconduct (such as the costs of importing bottled water). The project will be piloted in the US with the aim of creating a model that can be replicated internationally.

Sources: [Inter Press Service](#)

Business Case Mainstreaming

In June 2015, representatives from the Wangan and Jagalingou Peoples met with executives at [Standard Chartered Bank](#) to persuade them against financing [The Adani Group’s Carmichael Mine](#) in Queensland, which they say will have terrible impacts on their ancestral territories. A

community spokesperson said they were heard “respectfully” and that he “felt comfortable the bank was going to do something.” The meeting was part of a global tour of meetings with potential lenders including Bank of America, Credit Suisse, Goldman Sachs, and the US Export Import Bank. Eleven major financial institutions have already distanced themselves from the controversial project.

The increasing willingness of banks and institutional investors to meet with communities affected by their clients is another indication that the business case for corporate social responsibility is mainstreaming.

Sources: The Guardian