



**FIRST PEOPLES WORLDWIDE**  
**CORPORATE MONITOR**  
**JUNE 2016**

## **Mending Community Relationships After Disasters**

Three days after a Bakken oil train derailed and caught fire in Mosier, Oregon, Union Pacific resumed service along the route, infuriating communities near the incident. Although the company says it is not transporting oil and insists there is no safety hazard, residents are angry with the decision to run more trains through the area before crews finished draining and removing the crashed tankers. The Yakama Nation and other tribes have also been vocal, as the derailment released oil into the Columbia River, which they rely on for fishing.

The company's prioritization of resuming its cash flow over mending community relationships indicates a highly short-term business mindset. The derailment happened in a region where several large oil export terminals are under review, and opposed by tribal and environmental activists. Disasters like this will strengthen opposition to these projects, and the risk is compounded when companies are perceived as careless in their aftermath.

Sources: [Indian Country Today](#), [US News and World Report](#)

## **Risk Alert: Barro Blanco**

In May 2016, 35 Ngabe protesters were forcibly removed by police to make way for the Barro Blanco Dam to start flooding six hectares of their territories in Panama. The communities plan to take further action to stop the dam and are on high alert due to the prevalence of threats and violence towards environmental defenders in the region. The dam is owned by Honduran company GENISA, and financed by the Dutch and German development banks and by the Central American Bank for Economic Integration. In 2015, the Panamanian government

suspended construction and fined the developer \$775,000 for failing to consult and compensate the communities. However, the dam was allowed to resume without an agreement in place.

Sources: [Carbon Market Watch](#)

## **Changes Announced to Northern Gateway**

In June 2016, Enbridge proposed drastic changes to the Northern Gateway Pipeline in order to bolster the chance of Aboriginal support. They include: increasing the First Nations and Metis ownership stake from 10 percent to 33 percent; establishing a joint governance structure that includes Aboriginal and industry voices; and requesting a three year extension before construction begins. Following this news, the company's stock price rose 0.7 percent.

The company admits that it erred in its earlier approach to community engagement. According to the CEO, "while we had the right intentions, we should have done a better job of listening and fostering these critical relationships and developing our plans together as true partners."

Sources: [Bloomberg](#)

## **Activist Arrested; Shareholders Questioned**

In December 2015, Amnesty International reported that Evenki leader Sergei Nikiforov was sentenced to four years in prison for opposing a gold mine owned by Petropavlovsk in Russia. The Business and Human Rights Resource Centre invited the company to respond to the allegations. When the company did not answer, the Centre contacted its shareholders. Prudential PLC replied that "[our fund managers] believe good governance is closely linked to the long term success of companies and as a result take ESG issues into consideration...We take matters such as these seriously and will be following up with the company in order to gain a better understanding." The other shareholders declined to comment.

The "mainstreaming" of socially responsible investing is prompting more communities and NGOs to approach shareholders of problematic companies. This will add to the financial

burdens of investing in companies with poor human rights records. Companies must have response mechanisms in place to address these types of issues so stakeholders do not have to go over their head to get their voices heard.

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

## **State-Owned Company Ignores Best Practice**

The Marap Indigenous group is invoking customary law to retake 1,300 hectares of land that overlap with a palm oil plantation operated by PTTP, a state-owned company in Indonesia. They say the company has paid no attention to their well-being during its thirty years of existence, so they are taking back the land and have no interest in further dialogue. The area is now under police watch. According to a company spokesperson, "since we're a state-owned company, we can only listen to all aspirations and complaints and pass them on to the local government for further action. There is not much we can do."

State-owned companies must adhere to the same best practices as private companies. Government ownership makes it equally, if not more, important for companies to have effective community relations functions and obtain Free, Prior and Informed Consent from Indigenous Peoples.

Sources: [Asia Pacific Report](#)

## **The Importance of Communication**

During a speech at the Williston Basin Petroleum Conference, the CEO of SM Resources said the oil and gas industry's failure to communicate effectively is causing what he perceives to be "overreaching regulations, misguided legislative efforts and destructive ballot initiatives." To address this, the company is hiring a PR firm to create "open source software for improving the industry's communications."

Enhanced communication is a good idea, but this may miss the mark for several reasons. The goal is to develop digital materials and social media messages that will "engage customers with

positive messages on how the industry's products make peoples' lives better" and "highlight the use of oil and gas products for transportation, agriculture, medicine, clothing, cooking and other purposes." However, most grievances with oil and gas are triggered by the process of creating the products, not the products themselves.

Additionally, customers are not the only stakeholders with whom the industry must communicate; long-term shareholders and neighbouring communities are among the other audiences that warrant attention. Finally, communication is a two way street, so for this to be effective it must include ways for the industry to both give and receive information.

Sources: Bakken Magazine