

**Sir Mark Moody-Stuart**

Former Chairman, Royal Dutch Shell

**CORPORATIONS AND GOVERNMENT > Influence Takes Trust**

The question of corporate influence over a government is often misunderstood.

The process of establishing a relationship which is based on trust with people with whom, some of whose actions you may actually have quite strong reservations, well very strong reservations about, is difficult, and I have discussed this sometimes with human rights organizations to say this is a very difficult issue. Furthermore, in some cases it has to be done in private, and if you walk out of that and say, I told so and so, that this, that and the other, you probably won't ever get to see that person again. And furthermore, well I'm entirely happy to talk to human rights organizations about what sort of things we are recommending.

There's also a trust there, because in a one to one meeting, perhaps only with an interpreter, if I tell a human rights organization that that's what I did, they have to trust me. There is no way they know whether that's what I said or not. And interestingly I find that's not actually a problem, you can build a relationship so that that trust exists. And that trust, the whole issue, of open reporting, reporting increasingly, I believe, in standardized forms like the Global Reporting initiative, will be important to build trust, to build comparability, trust in all directions.

**SOCIAL RESPONSIBILITY > Confession Is Good For The Corporate Soul**

We've talked about publishing something, being open about something, going right back to health, safety and environmental reports, publishing them. The reaction has always been the same - what are people going to do with this information? Aren't they going to beat us with this information? Because the information is, sometimes the picture is not that good. Every time we've done it, the reaction, because you do it, is so positive, because they feel, here is someone being open about it, that problem, and everybody knows, there is no corporation in the world who doesn't make mistakes, or who doesn't have something somewhere, which is an issue. The question is, are you pretending that it's not there or hiding it, or worse distorting it in some way?

## **SOCIAL RESPONSIBILITY > The Law Will Follow**

Social responsibility is interpreted by some people as, you know, we'll make some money and then we'll build a hospital with it or something. It is of course an implausible hypothesis that corporations just make profits in order to give them away in philanthropy. You know, that's plainly not what we exist for. It's a good thing, it needs to be done to a good extent, but it's not the answer. We've got to get the right bits into our fundamental workings, and that's not something that's new.

I mean, you can go right back to innovations that corporations in the United States and Europe and elsewhere, and Japan have worked on in relation to, labour rights, worker conditions, very often initially voluntarily leading companies doing it, and then you see it gradually becomes accepted practice, is also taken into legislation to catch not just the laggards or the folk who are disinterested, but actually the unscrupulous corporations, there are unscrupulous corporations, we're certainly not all angels, anymore than anybody else in society is. So I think there is that change. I think the biggest change, though, for an international corporation, is this extension of responsibility, and that's what we found came from our societal soundings. But people said, no you have a responsibility beyond just paying your taxes, and beyond just relating effectively to communities around your factory fence,

...And that's the change I think, the widening. And it's a very difficult area, because we have no electoral mandate to do it.

## **REGULATION > We Need Rules**

I've had, in the work that I was involved with on the G8 task force, people kept saying, one of the things we have to do is, is get the externalities in. I think that externalities are best dealt with, measured by governments and they should be handled by regulatory frameworks. The market system of which corporations are a part, will not always lead to the beneficial effects on externalities. The answer to this is to set up a framework, within which the market can work to deliver benefits which are beneficial to externalities.

I think this is very important and many business people react strongly against the idea of a regulatory framework, which is very short sighted, because markets, no market can operate without a framework. We need rules. A market without rules is a dangerous place and not the kind of place you want to be in. Just look at the stock market without rules, or where people are bending the rules. Very dangerous and nobody likes it, so we need the right framework, but we do not need frameworks which tell us how to do it. We need frameworks which tell us what direction we should be going in.

## **THE NATURE OF THE CORPORATION > Consumers Drive The System**

I don't think that the institution of the corporation is in any way, in any gross way flawed. It's a very effective, and was created through market forces, as a very effective way of operating. The question is, what are the goals of society which those corporations meet? Commerce survives by fulfilling the wants and desires of society. So the question is, what does society want? And corporations, and the products of corporations are the products of demands of our society.

## **CORPORATIONS AND GOVERNMENT > Shell In Nigeria**

I think there are a number of lessons that we've learned from situations like Nigeria. The first and foremost, which is actually the root of the whole issue of Mossop, and Ken Saro-wiwa, is one of revenue allocation. It's what happens to the wealth that is generated, the national wealth that's generated from the production of a resource? And there is no doubt that in Nigeria that this was inequitably distributed. It was not used enough in the region, and we actually spoke out about that and supported greater revenue allocation to the region.

I think that there's a lesson in this; it shows that a corporation has some responsibility for the distribution of the wealth generated from its activities. It is a very delicate question, because we have no democratic mandate. But that to me is the lesson, that if this persistently goes wrong in the end, it's the generator of the wealth, not the waster of wealth who gets blamed. That's one lesson; the other one is that we've had very good, I believe, well-intentioned community efforts for decades in Nigeria. When I worked there in the late 70's the early 80's we had in some cases, really good community programs, including agricultural development in Ogoni land, some of the first ones were there. The lesson that again we, but not only us, but development agencies, generally have learnt is how you sense what the community actually wants, can you meet the needs of the community, rather than what you think is good for them.

We in Shell were major players in a situation, which led to this tragic situation. Now as a part of society, even a corporate part of society, of course you have some blame for the outcome. What we could, or should have done other than doing what we did, which was ask for a fair trial, etc, so it's not a direct blame, but we were players in a system which had a tragic

The question of responsibility, Saro-wiwa responsibility. No I don't want to add anything, I just say, it's an extremely complex one.

### ***Man's voice***

I would be interested in what would you do differently to try and save his life now? If you had to do it over again, would you be more aggressive?

***Mark Moody-Stuart***

I don't think so... Because I don't think, we were taken completely by surprise. We never, I never, we and most Nigerians, we thought, even when he had been found guilty, we didn't think that it would happen.

***Man's voice***

So there's nothing you could do differently, knowing what happened?

***Mark Moody-Stuart***

No, I honestly don't think there is anything we could do.

... No I don't think so, I think you would have to go back and reconstruct absolutely everything in the history of Nigeria since the discovery of oil and the development of governance in Nigeria

***Man's voice***

So you were in a position where you could phone up people in Nigeria and say, we want this man's life spared?

***Mark Moody-Stuart***

We did that. I mean we sent messages saying exactly that. But governments don't listen to the corporations, necessarily, if they think it's not in their interest.