The greening of black gold: towards international environmental alignment in the petroleum industry
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10 TotalFinaElf: Unsystematic Alignment from the Single Setting

TotalFinaElf (TFE) is the combination of three companies. In two of those, the French government used to have a substantial interest: TOTAL Compagnie Française des Pétroles, and Société National Elf-Aquitaine (see Box 10A). In France, both companies together control half of the market, with both of them having large overseas markets. Another common characteristic was the control by strong state intervention in a ‘dirigiste’ style of policy making. Interviewees commented on the French style as ‘more flexible’, ‘more pragmatic’ and ‘less inclined for systems’. According to Buchan and Mallet (2001), US and UK companies envied the ‘quintessential Frenchness’ of non-interference of company affairs by the state, which they illustrate by a quote of CEO Desmarest: “The French government is perfectly aware – and we agree – that it is not for private companies to take it upon themselves to get governments [such as Burma] to change their policies.”

Box 10A. TFE: the history of merging partners

TOTAL Compagnie Française des Pétroles

In 1924, ‘Compagnie Française des Pétroles’ (CFP) was launched to develop French oil interests in the Middle East. The government took 35% of the shares (40% of the votes) and 10% of the shares in its refining subsidiary CFR (Compagnie Française de Raffinage) (Grayson, 1981:25:50). CFR’s goal was to develop the refining industry in the protected French market; petroleum marketers were obliged to take 25% of their requirements from CFR. The brand name TOTAL was introduced from 1957 onwards (from 1953 onwards in West Africa), to strengthen its position in the competition of the early 1950s (Grayson, 1981). In the 1960s, CFP began to diversify in France (besides its refining and distribution activities worldwide). Notwithstanding nationalisation of assets in several countries in the 1970s1, CFP became a sizable, fully integrated company in the 1980s (Grayson, 1981). Its name changed first in 1985 to TOTAL Compagnie Française des Pétroles (TOTAL CFP) and then, in 1991, to TOTAL. In 1992, the French state reduced its stake in TOTAL from 31.7% to 5.2%; capital opened for employees in 1994.

Société National Elf-Aquitaine

In the search for French oil, a rather complicated multiplicity of government-sponsored firms were created in France at least from 1945 onwards. As Grayson (1981:88) states: ‘In thirty years, the Bureau Recherche des Pétroles (BRP), starting as an interventional policy body and holding company, had transformed itself into a managerially active investment and exploration company, then into a producing and refining group, BRP and UGP, into an operating company, ERAP, and finally [1976] into a fully integrated oil company, SNEA [Société National Elf-Aquitaine]’. SNEA’s brandname Elf appeared as early as April 1987. By 1996, the company was completely privatised.

A merger between the companies, for reasons of strength on the competitive international markets and financial viability, had been predicted from the 1970s onwards (Grayson, 1981:36). But only in November 2000, some 20 years later, did the merger become a
fact; it made TFE a top 5 company in the industry; in 2002, TFE had 121,469 employees, and operations in more than 120 countries (TFE, 2002a:115; 43). At the time of the merger, the stake of the government had been reduced enormously. In May 2003, the new name, Total, was adopted to indicate the spiritual completion of the merger and to benefit from the service station’s network brand name recognition. Additionally, the name left behind several unpleasant memories, attached to the old name, especially of Elf Aquitaine.

Similarities with the BP case are the high level of internationalisation and the merger experience, both illustrate similarity. In contrast to BP, TFE is in contrast located in a single institutional context: France, which has been shaped by a 1928 petroleum law characterised by quota, controls and obligations (Grayson, 1981:24)114. Last but not least, this third company analysed in the case studies is characterised by TOTAL’s position as an extremely late reporter. The combination of all these differences leads to further examination of the development of environmental alignment in the petroleum industry.

10.1 Strategy and structure

TOTAL & strategy
TOTAL was a medium-sized company but one of the five largest oil companies in Europe: It had operations in some 80 countries and generated more than 70% of its sales outside of France (TOTAL, 1990:2). According to the company, its employment of nationals resulted in an “open-minded treatment of issues and mutual enrichment ... creating a truly international culture.” (TOTAL, 1990:9) TOTAL was broadly diversified, including interests in shipping and the production and sales of uranium. The main focus in E&P was to step up the development expenditures and to increase production by almost 50% in the next five years; in addition, existing infrastructure in well-developed areas would allow for economies of scale. Activities in new areas 'overlooked for either political or technical reasons' would be increased as well (e.g. Vietnam, Syria, Cuba) (TOTAL, 1990:37). In its strategic priorities, TOTAL referred to environmental issues: “to boost product quality and reliability while safeguarding the environment” (TOTAL, 1990:2).

By 1995, TOTAL’s growth in production and reserves stemmed primarily from developments in Europe, South America and Asia. “A core strength that differentiates TOTAL from its competitors is our well-positioned portfolio of high-quality exploration and development projects, which includes a leading position in the growing LNG industry”: an emphasis on natural gas (TOTAL, 1995:6). According to Buchan and Mallet (2001), TOTAL CFP turned its nickname – “Can’t Find Petroleum”- on its head by achieving an "enviable professional reputation for finding oil at the lowest cost in the industry", in the second half of the 1990s.

Elf Aquitaine & strategy
Elf Aquitaine profiled itself as 'a major petrochemical company active from wellhead to gasoline pump' (Elf, 1990:i). Broadly diversified, including a health and beauty products

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114 To facilitate the development of a national industry, French companies received 54.2% of the quota for crude imports; they had the obligation to take a certain percentage of the crude supplies ('devoir national'). In the 1940s, an intensive search for French oil developed all over the French empire: in 1949 and 1951, oil was found in the national territory of Aquitaine. Other exploration finds were in Gabon, Algeria, and Congo. Until today, France has continued to rely on imports as its major source of oil.
division, the company (Elf, 1990:2-3) had three strategic objectives in 1990: 1. To increase oil and gas reserves to 500 million metric tons (over 3.5 billion barrels); 2. To boost international downstream activities; 3. To have Elf’s share price reflect its quality.

In 1990, the stake of the French state in Elf Aquitaine was 55.6%, in 1995, this was reduced to 10% (Elf, 1995:6). In 1995, Elf named as its general strengths: rigorous management; sustained research efforts; technological know-how; respect for the environment; and, a ‘promising outlook especially in oil exploration, specialty chemicals and health and beauty’ (Elf, 1995:4). Elf’s goal was to internationalise, enhance profitability, and become a leader in each sector in the coming 10 years. By 1995, the company had exploration activities in 27 countries and became Europe’s fourth largest producer of natural gas (Elf, 1995:4). Rigorous cost management in the last two years had reduced Elf’s sensitivity to economic conditions: production costs per barrel had been lowered ($4.40 to $3.30); the debt-to-equity ratio had dropped from (49% to 38%) (Elf, 1995:1) and the Group disposed of non-strategic industrial businesses and financial interests. The goals for E&P were to establish a third group of oil producing subsidiaries (e.g. Syria, Ecuador and Oman) to complement operations in Europe’s North Sea and Africa’s Gulf of Guinea and to benefit from the growth in the gas market (Elf, 1995:10).

**TotalFinaElf & strategy**

The merged company had operations in more than 100 countries; its activities spanned all aspects of the industry: upstream, downstream, and chemicals. It had an interest in 27 refineries (in 1999) and 20,000 service stations concentrated in Europe and Africa (TFE, 2000a:4). The three main production zones for the upstream division were the North Sea, Africa and the Middle East. The company was a major supplier in the booming market of gas. In 2000, its interests in six liquefied natural gas (LNG) plants were to account for about 50% of the world’s liquefaction capacity (TFE, 2000a:13).

TotalFinaElf considered its major strengths to be its success rate in exploration; its reserve growth potential; and its expertise in the implementation of new technologies (deep offshore, extra-heavy oil, extended reach wells and multiphase pumping). The strategies applied successfully for TOTAL were to be continued: upstream growth was top priority for the Group, between 60-65% of the Group’s future investments are directed at exploration-production projects (1999) and developing large, low-cost oil and gas projects (TFE, 2000a:12). TFE’s presence in projects in relatively new zones with low technical costs (e.g. West Africa, Iran and the Gulf of Mexico) was considered a strength resulting from the merger TFE, 2000a:11).

In 2002, TFE profiled itself as an international oil and gas company – not an energy company. The company set ambitious goals: ‘to set the standard not only with our financial performance, but also with our stringent requirements for operational safety, environmental protection and stronger ties with all parties that have a stake in our activities. Their combined effects on value creation, safety, and sustainable development are key to the future success of TotalFinaElf’ (TFE, 2002a:2). For the period 2002-2007, the goal was an average production growth of 5% per year which, according to TFE, was twice the rate targeted by competitors (TFE, 2002a:2;4).

TFE followed the internationalisation trend and was an absolute top scorer in 2002, due to the merger. Elf Aquitaine used to be medium-scorer but had already climbed to the

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high scoring category by 1994; where it stayed until the merger. The figures make clear that TFE was implementing its leadership aim to internationalise. In this regard, TOTAL explicitly mentioned its presence in politically tense countries in 1990; Elf reported in that same year to be the first entering the complex context of the USSR after the ending of the Cold War. With regard to vertical integration, TOTAL was hardly vertically integrated as a stand-alone company (17.7% for 1992); but the percentage slowly increased. The merger with Elf Aquitaine boosted its percentage to 38.6% in 2002, which approaches the average percentage. The change is mostly attributed to Elf Aquitaine’s figure of vertical integration, which started at 30.6% in 1992, climbing to 36.3% in 1998, and 29.6% in 1999.

Structure

TOTAL & structure
In April 1990, TOTAL changed its management structure. On a worldwide basis, six businesses were to control upstream operations, trading and Middle East, downstream operations, mining, chemicals, and portfolio investment (Omnium Financier de Paris). Some divisions were supported by area management (such as in the Middle East) and by regional delegations (the Far East, Eastern Europe, and the UK). Further, the holding company’s staff was organised around the following functions: finance, strategy and planning, human resources and communication, and general administration. The executive committee was TOTAL’s main decision-making body for decisions concerning the whole Group; it prepared holding company Board decisions. Part of the change was a clarification of ground rules, chain of command, and strategic procedures, and the introduction of systematic management control (TOTAL, 1990). In 1995, the six business were reorganised into three ‘profit centres’ (TOTAL, 1995):

- **Upstream** (exploration and production, the Middle East, and the coal, gas and electricity activities of the former Trading and Middle East segment);
- **Downstream** (refining and marketing, trading, shipping of the former Trading and Middle East segment);
- **Chemicals** (unchanged, composed of rubber processing, through the wholly-owned Hutchinson subsidiary and the four coatings businesses: resins, inks, adhesives and paints).

In addition there were functional divisions: finance; strategy; human resources and communication; and legal affairs and agreements. TOTAL did not change the way its management tasks were carried out: through the executive committee COMEX and management committee CODIR. COMEX was the primary decision-making body, it defined the Group’s strategy, authorised related investments and prepared decisions for the Board of Directors; it met every two weeks. It consisted of executive vice-presidents and presidents of the divisions plus the chief financial officer and president of strategy and finance. The CODIR included all COMEX members as well as seven senior managers of the operational and functional divisions. It facilitated coordination between the Group units, monitored the results of the operational divisions and reviewed the activity reports of the functional divisions; it meets once a month (TOTAL, 1995).

Elf Aquitaine & structure
Elf, on the other hand, already had three main divisions in 1990, but of a different kind: 1) hydrocarbons; 2) chemicals; and 3) health, beauty products and bio-activities. The hydrocarbons division was split into three sectors: Exploration & Production, Refining & Mar-
keting, and international trade and marine transportation (Elf, 1990). By 1995, Elf had re-organised into four divisions: E&P, R&M, chemicals and health. The company claimed to be decentralised and included 819 companies in 79 countries (Elf, 1995:26). Due to the privatisation, the company's administration changed from a Board of Directors (BoD) and government representatives to a Board of Directors (12 persons, assisted by an Audit Committee and a Compensation Committee) and an Executive Management Committee. Shareholder interests were assured by the shareholders' committee (Elf, 1995). In 1997, the BoD was assisted by an Audit, Remuneration and Nominating Committee. The four divisions had by then been renamed upstream, downstream, chemicals, and health.

**TotalFinaElf & structure**

With the merger of TotalFina and Elf, TOTAL's management structure was adopted. This resulted in three divisions (TotalFina, 1999a):

1. Upstream (exploration and production of hydrocarbons, gas-electricity-other energy sources operations);
2. Downstream (refining and marketing, shipping and trading);
3. Chemicals (Rubber processing by Hutchinson, coatings businesses Bostik Kalon and the Resins division and petrochemicals). Support to those three is given by the parent company's functional divisions: finance, strategy, human resources, and communications and legal.

The upstream unit was mainly organised by geographical zone, and the downstream unit of refining and marketing, trading and shipping were organised by both zone and segment. The chemicals unit was mainly organised by segment. The merged company kept TOTAL's management structure with the CODEX and CODIR committees.

The merger increased the visibility for external stakeholders and the complexity of the company, resulting in much more interest from stakeholders. One interviewee stated about this: 'It is much easier to be smaller, you attract less attention from the external stakeholders – the difference is communication'. Before the merger, TFE was considered to be a regional Group instead of one of the major companies. Further, the management systems were different. As an interviewee stated: “So we needed to make a choice to make systems converge to new, unique systems. We couldn’t allow them to exist in parallel. It takes time and effort. Obviously when you choose one system, half of the people think the old system was too bad to be kept. That doesn’t help in the selling of the move".

According to another interviewee, the merger between TOTAL and Elf was a 'marriage of equals; they were very distinct companies'. This would have made it harder to come to one system; more than for BP, for example, where its strong culture absorbed people: "BP was not much influenced by Arco Amoco, [it was] much fundamentally still BP". Nevertheless, the increased size of TFE changed its approach. As interviewee put it:

> “Our duty to the stakeholders changed, change in the mindset of Desmarest [CEO] happened before that, he said the problems had to be tackled because of the size of the company now”.

Overall, TFE followed the European pattern of decentralisation of majority-owned affiliates over the years; Elf and TOTAL had similar starting positions for 1990, and TOTAL first centralised in 1995, although before its privatisation, according to interviewees, Elf used to be more centralised than TOTAL. However, TOTAL was the most centralised of the sector companies in its approach of minority-owned affiliates; it followed the European trend to centralise. With regard to structure of ownership, the company reported that its share of non-operating permits had increased with the acquisition of Petrofina. The aim was to continue to rationalise those minor assets (TotalFina, 1999a). In the data, TOTAL
The Greening of Black Gold

was a top scorer for the minority/majority ratio; its figure increased from 0.31 to 0.56 scores, which were both highly above average. For Elf, data were only available for 1990: a figure of 0.41. The combination of companies can increase the ratio further, but data were not available to support that statement. Furthermore, the strategy of Totalfina was to rationalise the non-operated assets, which would decrease the ratio.

10.2 Reputation issues

In the last decade, several incidents meant that TFE was confronted with reputation claims. The main issue concerned the corruptive practices in Elf Aquitaine (see Box 10B), which were most likely one of the reasons to delete the Elf part from the company's new name. An interviewee's response illustrated a reluctance to discuss it: "That is about Elf, it does not really have an effect on environment. It is an old story from the beginning of the 1990s, it was pure ethics". The spill by tanker Erica off the coast of Normandy in December 1999 was TFE’s second largest issue (see Box 10C).
Box 10B. Corruption and scandals

A considerable weight on the shoulders of the public relations unit of the merged company is the major corruption affair from the history of Elf Aquitaine. The affair is said to be Europe’s largest corruption scandal. The process started in March 2003. The writ of summons contains 657 pages with 850 sealed documents; 37 defendants and 80 lawyers are involved. The defendants are charged with the embezzlement of half a billion euros in the 1980s and 1990s at Elf Aquitaine (Kottman, 2003). Payments were said to be made both nationally to French politicians as well and African leaders. Some of the key documents concerned “commissions” paid by the then state oil company to secure foreign contracts. Successive French administrations have accepted that “commissions” are often essential to secure contracts. A national security ban on those documents, which were believed to detail large scale misuse of funds by Elf, was lifted in October 2000; the lawyer for Loïck le Floch-Prigent, who was president of Elf from 1989 to 1993, said the documents will confirm that ‘commissions handed over were known by the state, the Minister of Finance and the presidential palace’ (Graham, 2000b).

As well as the process on embezzlement, other aspects of the affair involve bribery, illegal financing and stories of death-threats to the research judges. An illustrative example of the dark side of the company’s past are the activities of Mrs Deviers-Joncourt, who was the mistress of the former Minister of Foreign Affairs Dumas on assignment to Elf; and spending loads of money during her ‘work’ (Financielle Dagblad, 1999). Her book La Putaine de la République became a bestseller in France. An example of the complexity of the case is the temporary publication ban on the book of research judge Eva Joly in June 2003, Est-ce dans ce monde-là que nous voulons vivre [Do we want to live in such a world?], who published on her research adventures including threats, permanent shadowing and housebreaking, before the process had ended (Kottman, 2003).

In November 2003, Loïk Le Floch-Prigent, former Elf CEO and chairman, was sentenced to five years’ imprisonment for corruption. Two other members of top management were sentenced to four and five years and fines of one and two million euros. Le Floch-Prigent decided not to appeal against the decision of the court. During the trial, the defendants declared that bribing local presidents and politicians was necessary to secure Elf’s interests in Africa, South America, Russia, Spain, Germany and France. According to Le Floch-Prigent, pay-offs were part of corporate culture: “It was like that before me, and my successors are doing it as well.” In total, 35 defendants stood trial in the affair; the names of French and German politicians involved were not revealed (Deutsche Welle, November 12, 2003). The complexity and obscurity of the affair damaged Elf-Aquitaine’s reputation in a way that is hard to repair. It is said that the newly merged company dropped the “Elf” part in its name for this reason.

After the Erica spill, TFE’s CEO made the communicative failure to initially respond from a legal perspective, which antagonised the French public. Interviewees illustrated the impact of the spill and the diverse effect on different countries:

—— “I guess we were living too much [under] the existing rules of the game. Thinking that if a tanker is properly recognised to be out for transportation, whenever it has been verified by a classification society, when everything is OK, you don’t expect a major catastrophe like with the Erica. It still has been a shock because the company never expected such a disaster and [we] could not imagine it would happen to us. But it did happen ... and many things have changed in the way we manage maritime safety”.

—— “Erica is already 3 years ago, we are slowly recovering from that [reputation-wise, SvdW], like it did for Exxon. It happened in France, which made the impact much larger for us. It is incredible: with the Prestige, nobody in the UK was concerned. But in Spain, it is a huge drama and in France as well. It happened 2,5 years after Erica and we had fuel oil
on the beaches, but in the States nobody cared. No, it is really a very local issue and 
when it happens in your country it is huge”.
— “Environmental incidents that tarnished reputation in France have not affected the image 
in the US, they are seen as local incidents”.

Box 10C. The Erica spill
Another important event in the history of the company is the breakdown of tanker Erica, which 
was owned by Italian ship owners. On 12 December 1999, the Erica, chartered by the Total 
Transport Corporation, a subsidiary of TotalFina, broke in two parts and sank 60 kilometres off 
Brittany, on the West Coast of France. Although a very photogenic incident, it caused an eco-
logical disaster: 13000 tonnes of heavy fuel oil spilled, resulting in the death of 60,000 birds, 
pollution of the coast, the seabed, and the sea itself, described in French as the ‘black tide’: ‘la 
marée noire’ (Kottman, 2000).

The tanker sank, with 12,000 tonnes of heating fuel still inside its holds, to a depth of 
120 meters. Its owner was TotalFina. In its annual accounts, the company claims the immediate 
mobilisation of a crisis unit (TotalFina, 1999a). In January 2000, the company agreed to fund 
part of the clean-up operations. Initially, Totalfina denied any responsibility for the ensuing pollu-
tion. It maintained that in international law it is not responsible for the cargo carried in the char-
tered tanker (which had an Indian captain). The change of position followed a meeting between 
Totalfina CEO Thierry Desmarest and French Prime Minister Lionel Jospin; it is believed to be 
the first time that an oil company has volunteered to help clean up the effects of a sunken tanker 
(Graham, 2000a). TotalFina stated that, as a response to the consequences of the incident, it 
had created a task force with 50 full time staff and four main objectives: coastal clean-up opera-
tions; treatment and disposal of waste; recovery of oil cargo remaining in the wreck; and, assist-
ance with restoring the ecological balance of the affected areas. In addition, action was taken 
to tighten selection criteria (TotalFina, 1999a). Totalfina also announced the creation of a foun-
dation for the restoration of the ecological balance (TotalFina, 2000).

A partial explanation of the major effect of the Erica-shipwrecking is the combination of 
the French nationality of the cargo and the location of the break-up in full view of the French 
coast. In August 2000, the ship was salvaged. Its cargo was recovered at the expense of To-
talfina, the costs of which are estimated at approximately US$ 69.3 million (for an overview see 
TotalFina, 2000c:17). Total denied any legal responsibility for the sinking because it does not 
have direct operational control over chartered ships (Mallet, 2001, TotalFina, 2000). In its 2001-
report, the group stated that it had spent 145 million euro at the end of 2001 on dealing with 
the consequences of the accident (TFE, 2001a:39).

Another incident on TFE’s record is the explosion of a fertilizer plant, part of its chemicals 
division, in Toulouse in September 2001, resulting in the death of 30 people and injuring 
many more. Further protests against TFE concerned the company’s operations in Myan-
mar and its operations in Russia where bad maintenance of pipes by Tyumen Oil resulted 
in so-called ‘oil lakes’. With regard to Myanmar, the TFE position was that isolation is not a 
solution to the problems (IPIECA, 2000:5): “The company approach is one of constructive 
engagement....this includes a large-scale socio-economic programme. Constructive en-
gagement accelerates a country’s economic and social progress.” With regard to the pro-
tests for the situation in Russia in August 2000, TFE responded that it is only one of the 
importers (e.g. for its Leuna refinery in Germany), and that it had no power to intervene 
directly in operations outside of its control. However, it had undertaken a series of meas-
ures to try to improve the conditions under which this oil is produced and transported in
Russia: pilot site remediation, and contacts with governments and institutes, e.g. to prevent future leakage (TFE, 2001a).

To date, the company has not profiled itself in a large campaign (yet); an interviewee stated that TFE has a different approach: 'practical – don’t tell me, show me and explain it', in explicit reference to Shell's strategy. At the time of the interview, ideas about possible campaigning for the merged company were just starting up. A spokesperson fiercely denied the wish to keep a low profile: “No! Many things [in environmental management] have been going on for years, we just have not talked about it. The strategy to present it has not been put together yet, we have to think about how far out of France we go”.

Despite the series of accidents, incidents and other issues, TFE's reputation score was in an in-between position: neither going up nor going down. Over the 1990s, the company, especially Elf, built on an upward trend. For environmental reputation, the company belonged to the small group mentioned in the rankings (e.g. FTSE4good and the FT ranking). In 1995, Elf claimed to have an 'excellent reputation in the areas of water treatment, air quality analysis, the rehabilitation of production sites, the drafting of eco-reports and the fight against marine pollution'. Further, it stated that “Since its creation, Elf has strived to reconcile its business development with respect for the environment” (Elf, 1995:23).

When asked for their opinion, employees at TFE stated that the reputation of the whole industry is indeed worse than that of other industries, because the industry is too rich in the eyes of the public:

— “We are too big for most of them; many people cannot understand what the size effect means in our industry”

— “The fact of being too rich and having too much money and being involved in strange countries... There are so many interests in a mixture with geopolitics and war that we cannot expect people to probe us within that context. Most people are convinced that it is an industry with a lot of contamination”.

— “There is an increased concern of many new stakeholders and the trend is against the big companies, our reputation is much more suffering from that than it is really in performance”.

— “We don’t like the critics but I don’t [laughing] we are in the position to comment further”.

— “You cannot argue with the media. Brent Spar is absolutely classic. It was a technical decision but with a NGO whose motivations were always hard to understand and the media, it went absolutely lunatic. Environmentally the solution was fine”.

Within the company, several interviewees showed frustration about the company’s public reputation, which is considered too negative:

— “In terms of what we show we are a few years behind [to what we do]; ‘You will see we do more than others”.

— The changed contact with the media is the result of the privatisation of the companies, but the media acts as “a totally irresponsible entity”.

Some interviewees were extremely worried about the sensitivity of environmental issues. One interviewee mentioned the different reputation TFE has amongst its different stakeholder groups: 30% of the institutional investors were from the UK or US, while in the US TFE had no service stations: “In the US, we are seen as best managed company, with the greatest potential for a CEO, a perception of transparency and well run”. Stakeholder dialogue is not explicitly mentioned in the company reports, only in the HSE-policy; in 2001 and 2002, some attention was given to the protests mentioned earlier but examples are mainly given of philanthropic partnerships, such as the Elf Foundation (e.g.
Elf, 1990; TFE, 2000b). In March 2004, Sir Howard Davies, the director of the London School of Economics withdrew his name for consideration as a Board member of French oil group Total. Related to the company’s investments in Burma, the potential directorship attracted adverse attention and student’s protests (Financial Times, 2004a). In a statement, Davies declared not to have personal criticism of the company’s operations in Burma, but to recognise that “the issue is one on which there are strong feelings within the School community. My presence may therefore generate continued controversy which would be unfortunate for both the School and the company” (LSE, 2004).

10.3 Environmental strategy

Code of conduct
Starting with the company’s code of conduct, the company is no exception to the common trend: TFE has had a code of conduct since its merger; ‘the best of the three companies’ practices have been combined into a code of conduct’ (TFE, 2000c). Elf had a ‘business code’ before the merger. TotalFina (1999a:33) stated that ‘in the conduct of its business, [it] adheres to the highest standards regarding respect for the individual and in matters of health, safety and the environment’; a document as such was not found. The code of TFE was the only code in the large sample (see Chapter 7), which gave explicit attention to child labour; furthermore, it was exceptional in its reference to an ethics committee and procedures in case of non-adherence, though sanctions were not mentioned. In 2003, TFE planned to carry out an assessment of the application of the code across the Group (TFE, 2002a).

Environmental policy
In the merger, TFE also combined the companies’ policies: the result was the HSEQ charter. This charter was first drafted as an HSE charter, issued by TOTAL in 1992. For Elf, no policy was found. The analysis of the contents of the TOTAL and TFE policies is shown in Table 10-1.

Table 10-1 TFE: Environmental policies: content analysis

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<th>TotalFinaElf</th>
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</table>

Note: Complete texts are included in Annex IV. The 1992-version was not available.
In the 1997 version of TOTAL's policy, only two elements on the list scored a 'yes': business context and stakeholder consultations. Other aspects mentioned in the policy are impact assessment, remuneration, audits, personal responsibility and the principle that economic priority 'shall not overrule [HSE] considerations'. References to systematic management were not made. After the merger, TotalFina continued with the same HSE charter as TOTAL for 1997, to stipulate 'the principles to be followed as well as the action to be taken, both in organisational structure and operational implementation'. Here, the management system was referred to in a more explicit way, which was extended at the divisional level, as is shown by TOTAL's E&P unit which referred to ten additional HSE rules (TOTAL, 1997).¹¹³ After merging with Elf, the policy became reasonably different. In this policy, new attention was given to regulation, management systems, specific environmental impacts (e.g. energy consumption, waste, and climate change) and sustainable development.

Environmental strategy: focus and change

TOTAL and Elf Aquitaine followed different strategies with regard to their positioning in the environmental field. The general trend for both companies seemed to be a technical approach to environmental issues, opting for innovation, although complexity and size are frequently mentioned as barriers to a comprehensive solution. One of the interviewees even referred to this as a 'common sector apology', other illustrative statements:

— "Probably the size and complexity, we have very different activities. Quite a challenge organizationally which standards which level of requirements quite a challenge. After all it depends on which terms you want to establish, which target you are trying to reach".
— The industry has the capacity to tackle the issues technically and costs are not really the problem though they are a barrier; the complexity of the application of a proper policy everywhere, in all local contexts, is of such nature that it is "difficult to be efficient everywhere at the required level; [costs are not the problem] E&P had the capacity to do it at least in most of the situations I know maybe not today, but tomorrow when progressing correctly".
— "You do what you are asked to do. I think, we tried to keep standards across the company but ... when it comes down to it, it is the man on the floor who does something stupid and he gets into less big trouble if he is in Indonesia or where ever. But the norms we used were worldwide norms...... I think there is more of that in Africa. It intrigues me why nobody has behaved in Africa. If you look at the white man going to Africa, nobody in black Africa has behaved correctly in my view. Everybody has been falling into the trap of abusing the countries".

Other interviewees referred to technical challenges (e.g. GHG emission reduction) and to culture and communications: "Environment is for the rich world". However, TFE's strategic positioning changed with the merger; the larger size meant that TFE wanted to profile itself differently in HSE matters.

In their Annual Reports, both companies mentioned environmental issues, at least from 1990 onwards. TOTAL only made slight references (TOTAL, 1990;1995;1996):

¹¹³ Total's Exploration and Production unit refers to ten additional E&P HSE rules in which management and regulation are considered. Those rules are (TOTAL, 1997:4-5): 1. Comply with regulations; 2. Responsibilities and accountability assigned in writing, throughout and before activities; 3. Identify risks and means of their minimisation; 4. Contractor's evaluation requirements stipulated in contract; 5. Procedures to cover critical effects; 6. Training programmes; 7. Emergency procedures; 8. Incident reporting and management; 9. Audits and assessments; and 10. Improvement plans for each area of operation.
— In 1990, it mentioned "to boost product quality and reliability safeguarding the environment" as a strategic priority (TOTAL, 1990:2)

— In 1995, the company only referred to environmental contingencies: "The company operates in an industry and in countries where regulations and laws concerning environmental protection are steadily increasing. Although it is impossible to predict accurately the effect of future development in such laws and regulations, the company does not expect that those contingencies will materially affect its consolidated financial statements." (TOTAL, 1995:69)

— In 1996, 'preserving the environment' is mentioned as a part of demonstrating social responsibility; the same section refers to the HSE charter: "the priority of safety and the environment over strictly economic requisites." (TOTAL, 1996:28)

Elf Aquitaine was less brief in its environmental references and used a whole page for 1990, 1995 and 1997, respectively (Elf, 1990; 1995):

— In 1990, Elf mentioned its research efforts on biological products for the treatment of polluted sites (referring to Exxon Valdez), and other results in environmental research and energy conservation: "Mastery over energy consumption is surely the best way to reduce environmental constraints on the costs of production and their effects on the Group's public image." (Elf, 1990:43)

— In 1995, Elf referred to four guidelines as a priority for the entire Group: 1). the development of clean products and technologies; 2). the management of industrial waste; 3). the rational use of energy; and 4). the prevention of industrial accidents. The following statements indicate Elf's hesitance about the compatibility of environmental issues and economic goals: 'Measures taken to protect the environment account for an average of 10% of every investment, and are an integral part of most of our projects. Although Elf has 1000 dedicated environmental specialists, ecological issues are a day-to-day focus for all employees'; 'It is impossible to predict accurately the effect that future developments in such laws and regulations will have on Elf's earnings and operations. Like its competitors, Elf is subject to environmental costs and liabilities inherent in some of its operations and products, and there can be no assurance that such costs and liabilities if incurred will not be material.' (Elf, 1995:23)

From 1997 onwards, Elf started supporting these statements in its annual report by the publication of a Group-level environmental report; this made the company a late reporter compared with its US counterparts. The report (Elf, 1997a:27) showed 'a review of the major elements of Elf's environmental strategy, which reconciles the needs of the industry and the environment'. In the report, Elf added a fifth principle to the four of 1995: commitment of employees.

Notwithstanding Elf's status as a late reporter, TOTAL was the only company in the sample which did not disclose a corporate environmental report at all. According to an interviewee, TOTAL just did not see the urgency of reporting and would rather be judged on what it did than what it said; 'going round and round' on the conference circuit was not seen as useful. Another interviewee added that, by its non-reporting, TOTAL has misread the climate of opinion. Subsequently, the company was defended by the additional remark that HSE was a fundament of the business which the company did not want to single out: 'Then the next thing everybody asks is how much does it cost....while actually it is fairly meaningless [to separate the costs]'.

According to other interviewees, TOTAL had in fact had an internal report since 1992/1993, mainly focused on waste and drilling cuttings. After its merger with Petrofina, TOTAL presented an environmental report to an external audience; in 1999, TotalFina
(1999a;33) addressed the requirements of HSE: a "very stringent, and sometimes contradictory, set of requirements, necessitating proven technical know-how and a presence at the cutting edge of technology."

TFE's first report explicitly stated that it was meant to be a reminder that safety and environmental protection are among the company's priorities (TFE, 2000b). Its aim was to provide for dialogue as well as to fulfill as many expectations possible, including GRI and a didactic aim. Further, TFE stated that it had a proactive policy but did not explain what the contents of that proactivity were. In 2001, the aim of the report changed from its aim to 'explain and educate' (Elf, 1997b:2) to covering the objectives and performance; performance in preventing accidents and reducing greenhouse gas emissions were mentioned as priorities. Furthermore, TFE's ambition was to combine economic developments with safety and environment (TFE, 2000b; 2001a). This is a strategic change from earlier presentations in which Elf showed its hesitation about the beneficial combination of both objectives. In addition, the company stated that previously, its environmental commitment was to ensuring tanker safety, combating greenhouse gas emissions and maintaining biodiversity.¹¹⁴ Environmental protection was also included in the corporate mission statement (e.g. core values commitment, professionalism, service, and fair play) (TFE, 2001a).

According to interviewees, legislation formalised the environmental function in the 1980s. Initially, this came from the branches and it started earlier in Elf than in TOTAL. Interviewees illustrated the accompanying development of the strategy:

— "Initially the focus was on 'real issues': air and water pollution, protection of biodiversity and waste and contamination of the soil; both protection and remediation of the site when needed. Later it continued on the corporate level when we felt it was necessary to have corporate policies, to share best practices, [and] necessary to communicate as well on what we did in those areas. So the corporate need came later. Today it is structured around the most difficult issues we have to face, in order to improve our performance, in order to keep developing new processes and new ways to reduce the contamination, emissions, whatever".

— "Obviously, some subjects are more important today than others, e.g. GHG. It is pretty new, thirty years ago nobody talked about it. Initially, it was devoted to establish correct balances of emissions, all types of gases and later on to define actual plans to reduce and manage plans of reduction of those gases. This is an example of a pretty important program at the group level".

The Executive VP Sustainable Development and Environment added that in his opinion it was meaningful that he, not being a specialist in environment but with experience in the branches, had been chosen for his job: "We want the whole organisation to tackle these issues, not just a functional approach, not just to communicate about that, we really want things to happen at the field level. But obviously, with a corporate policy we can be more efficient, more meaningful, communicate externally".

Climate change
With respect to climate change, no information was available about TOTAL's position. In 1997, Elf claimed to be one of the first companies to commit itself to a reduction of emissions and promote self-regulation (Elf, 1997a:27):

¹¹⁴ Especially marine biodiversity: studies of mangroves, coral reefs and marine mammals. For E&P projects, maps are made to consider environmental impact which involves tracing seismic lines, pipeline routes, facilitating future site restorations.
"With a voluntary reduction of 15% Elf's initiative is three times as high as the rate agreed upon in Kyoto and twice as the European rate of 8%; 'Thus, Elf is demonstrating that a voluntary commitment by an industrial company is one if the best approaches for meeting reduction goals, in a way that can reconcile economic realities with environmental protection demands.'

TFE (2000c:15) supported the Kyoto Protocol by emission reductions, energy efficiency, and product changes: "All our sectors are actively working towards objectives of improvement, taking into account technological possibilities and the market context". Upstream, for example, aimed to avoid flaring ("as has been the case for many years") (TFE, 2000c:15) by recycling or re-injecting when technically feasible. Further, TFE was participating in initiatives for emission trading systems (TFE, 2000c).

In 2001, TFE strengthened the wording of its Annual Report: curbing greenhouse gas emissions became a priority goal in its industrial activities. In the period 1990-2005, the pledge was to reduce emissions by 20% per ton of oil produced or refined (TFE, 2001a:40). TFE stated that the complexity of procedures could diminish the impact of the Kyoto Protocol in the coming years but (TFE, 2001a:6):

"TFE has never questioned the decisions made in Kyoto. While it would like to see simple procedures for application of the protocol's mechanisms, TFE is well aware that the no.1 priority is to cut its emissions substantively"

In a further call for self-regulation, in 2002, the company again emphasised that ambitious initiatives can be taken without regulation imposed by governments (TFE, 2002a).

**Sustainable development**

TFE also formalised its sustainable development approach after the merger. The first corporate social responsibility report was published in May 2003. The company referred to the Brundtland definition of sustainable development and claimed an 'assertive commitment'. Sustainable development was also named under the Group's operating priorities (TFE, 2000c:3) (see Figure 10-1):

"In this respect, I wanted the new Group to immediately set out formal guidelines governing actions and behaviour in a code of conduct and a new HSE Quality Charter. In addition by creating a Sustainable Development Task Force reporting to senior management, I also wanted to encourage all TFE operating segments to incorporate the social, economic and environmental responsibilities of sustainable development into their operation and long-term goals."

The inclusion of sustainable development seemed to result in an upgrading of corporate values; the amount of text increased from one page to about six pages on business principles, rules of behaviour and code of conduct. Environmental protection was part of the strategy on sustainable development (TFE, 2000c:12): "An assertive policy of continuous improvement and environmental protection that forms part of its strategy of sustainable development. These principles underpin the Group’s drive to pursue growth for the benefit of its shareholders, customers and employees, while at the same time contributing to the economic and social development of its host countries"
The company also referred to the Universal Declaration on Human Rights and the ILO guidelines. An ethics committee had been set up in March 2001, along with a Sustainable Development Task Force that reported directly to the Group’s Executive Committee. The company underlined (TFE, 2000c:14):

— “Commitment to sustainable development reflects above all a state of mind'; 'to strive for growth, while remaining attentive to the needs of society at large and adopting a far-sighted strategy''.

— A ‘genuine dialogue with all parties concerned is an essential element', in this dialogue, the company wants to pay particular attention to the transportation of its products.

The interviews clearly indicated that the first target of the sustainable development approach is to motivate people internally. As 'none of the companies had it, the approach could be built from the bottom-up and not top-down'. The same interviewee considered this was TFE's difference with BP and Shell. The focus was internal, an approach of which interviewees were proud: “I challenge any company to do it.”

10.4 Environmental structure

For Elf, the environmental division was created in 1971 as part of the Research Division (Elf, 1997b). Later on, the research division was renamed Research, Technology and Environment Division. In TFE, the corporate division for HSE-issues (Environmental and Industrial Safety Division – DESI) was set up within the Strategy and Risk Assessment Division. According to the report, the function of DESI was (TFE, 2000b:7): Formulating general health, safety and environment policies; overseeing expert networks in these areas; maintaining global links in the fields; representing the Group on cross divisional HSE issues; senior VP of DESI sits on the Group’s management committee and is a member of the risk assessment committee, which evaluates projects submitted to the executive committee.

In 2002, DESI was split into two parts; an Industrial Safety Division and a Sustainable Development and the Environment Division (TFE, 2002b; 2001a). The purpose of the latter division was to coordinate initiatives around five priority areas: the development of hydrocarbon resources; development of new energies; improvement of products and applications; integration of plants and facilities into local surroundings; and reduction of environmental impact. A corporate environment and safety committee and a sustainable development steering committee provided further guidance. The vice-president for sustain-

able development was a member of both the management committee and the risk assessment committee (TFE, 2001a).

At that time, each main division had a Safety and Environment Division to provide leadership and support and monitors performance through HSE correspondents at each site. Specific units for SHE requirements and emergency services had been set up in each plant/country and activity; about 1500 people were engaged in these specialised functions (with an operating budget of around 1 billion euros). The company thought that ‘Quantification of spending tends to be a little artificial’. For E&P, the environmental structure had two complementary departments within the Safety and Environment Division (TFE, 2000d:6):

- One handles projects SE/ENP: design to start up; environmental base line (EBS) studies; environmental impact assessments (EIA); impact reducing or mitigating measures; project technical reviews and audits;
- The other deals with operations (SE/ENO): assisting subsidiaries in defining objectives and environmental management plans (EMP); implementing measures carry out audits; drawing up onshore offshore spill contingency plans; centralising and processing environmental reporting.

Their joint responsibility was the environmental policy and its upstream specifications as well as environmental know-how and external training programmes, environmentally-related R&D programs, professional conferences/meetings. According to the report (TFE, 2001c), both departments worked closely with the Group’s Environmental and Safety Division. Each operating unit was fully responsible for all of its activities and was working closely with the corporate divisions; a presentation during the interviews showed the availability of 12 environmental management tools (Vidalie, 2003):

- Environmental baseline study; environmental/social impact assessment; guides manuals and specifications; sustainable development review; oil spill contingency plan; environmental management plan/system; environmental auditing; waste management plan; monitoring program; decommissioning/site restitution; geographic information system; environmental performance indicators for greenhouse gas (HC content, waste and costs).

According to the company, the respective environmental and safety teams of both companies formed a very good fit in terms of experience: ‘no time was lost settling down to work as a team’ (TFE, 2000b:2). According to an interviewee: “TOTAL was very lean and aggressive in the market and growing very fast while Elf was much more of state company with a much bigger organization.” In TOTAL, the organisation was very much branch driven; the holding was minimalist and very much decentralised though some corporate functions were put in the branches. Authority was pushed into the branches and then into the subsidiaries. Elf was a slightly more centralized which they could afford with the number of people they had.”

According to another interviewee, it was said that internationally, TOTAL spread from East to West and Elf from North to South; in environmental affairs, TOTAL was considered to be ‘lean and mean’ and pretty much driven by safety. Its E&P central staff had four environmental people plus a director and ten in safety. Elf on the other hand was said to have two research centres with 10-15 people, bigger R&D and was more present with better training; it had a central staff with more significance. Interviewees did not think that the degree of centralisation from corporate level would change in correspondence with the imple-

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115 The ratio of 1:3 in E&P for barrel of oil equivalent production is given.
mentation of the environmental policy: "It is different roles. We expect most responsibility to be taken at the field level and in the branches, we establish the policy and the standards, we are trying to have knowledge on best practices [in order to], circulate that."

The initiative between the corporate level and the business units was not perceived as a one-way direction: "It comes from both the legal regulatory requirements [and thus from corporate level] as from international business practices and their unique needs; but there is heavily buying particularly from EP". Table 10-2 translates the previous information into an overview of systematic approaches of environmental issues. As the table shows, no information was found on Elf's potential management system and on the precise contents of the other EMSs.

### Table 10-2 TFE: Environmental management system and standards

<table>
<thead>
<tr>
<th>Elf</th>
<th>Name of EMS</th>
<th>Since</th>
<th>Application</th>
<th>Standard</th>
<th>Contents of EMS</th>
<th>Cycle</th>
<th>Specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No information</td>
<td></td>
<td>Upstream operations</td>
<td>No information</td>
<td>No information</td>
<td>No information</td>
<td>No information</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>Name of EMS</th>
<th>Since</th>
<th>Application</th>
<th>Standard</th>
<th>Contents of EMS</th>
<th>Cycle</th>
<th>Specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MAESTRO (for E&amp;P only)</td>
<td>1984 onwards</td>
<td>Upstream operations</td>
<td>No information</td>
<td>No information</td>
<td>No information</td>
<td>No information</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TotalFinaElf</th>
<th>Name of EMS</th>
<th>Since</th>
<th>Application</th>
<th>Standard</th>
<th>Contents of EMS*</th>
<th>Cycle</th>
<th>Specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001 internal management systems</td>
<td>2000/2001</td>
<td>Tailored to each type of industrial activity</td>
<td>ISO/EMAS</td>
<td>MAESTRO for E&amp;P: Respect of laws and regulations (4); Management responsibility (16); Operational responsibility (10); Risk evaluation and management (12); Respect for the environment (8); Safeguarding health (6); Contractors and suppliers (11); Competence/training personnel (4); Emergency preparedness (8); Incident analysis (3); Audits and inspections (6); Performance improvement (4)</td>
<td>No information</td>
<td>Total of 92 instructions for implementation, specified for each item in 'contents of EMS' box.</td>
</tr>
</tbody>
</table>

Note: * The number behind its elements refers to the specifications mentioned for this element.
Source: Interviews; TFE, 2001d.
For TOTAL, MAESTRO (MAnagement and Exploitation Standard Towards Robust Operations) was the HSE management system for upstream operations; it was claimed to be in place at least from 1984 onwards. In 1999, TotalFina (1999:33) claimed to adhere to “highest standards regarding respect for the individual and in matters of health, safety and the environment” in its business conduct. The [standards] are an integral part of everyday operations and involve everyone throughout the hierarchy. Elements of the standards were: 1. Identifying and assessing risk; 2. Determining and implementing preventive measures; 3. Encouraging use of best practice; 4. Preparing contingency plans (TotalFina, 1999:33). The elements together seem to resemble a management system.

After the merger with Elf, TOTAL’s MAESTRO system has been used as a reference system for TFE though Elf also had an [unspecified] management system. According to an interviewee, the preference for the TOTAL system was just a matter of choice: “It is always the same process, verify the issues, [in order] to prioritise and understand what are the levels’. Another interviewee explained that local management defined the HSE policy in the system; contractors’ policies needed to be compatible with the TOTAL policy, though related responsibilities were defined in the contract. Beforehand, contractor performance was evaluated by means of an audit which could be done by a third party or by previous records. The system also had bonuses for operators and plant managers based on HSE performance; however, the interviewees could not comment on the exact percentage related to HSE-performance.

As a whole, the system did not seem to have a name. For 2001, interviewees spoke of ‘internal management systems’ with ‘targets and action plans the results of which are measured’. The system was summarised as being a “proactive, highly participatory approach, with a high premium on information, feedback, cooperation and training”. However, not much information was provided to sustain this.

At least for E&P, MAESTRO was continued; internal documentation (TFE, 2001d) showed a total of 92 instructions for its implementation building on 12 principles and the environmental policy (see Table 10-2). The system seemed to be a relatively stand-alone item; it was mentioned as one of the environmental management tools, not as the comprehensive one. The extent to which the system was mandatory was unclear although it was stated that the company rule applied to every entity within E&P. Independent choices of managers were particularly shown to be the basis of the system; managers were accountable for the implementation of ‘appropriate documented systems and processes’ (TFE, 2001d:1). However, the document seemed to be a stand-alone rule; only the environmental policy and charter were mentioned as reference documents; in other documentation, EIA and EBS were confirmed to be part of the early stage of any new project (Sutton, Morillon, Murray and Vidalie, 2002). Contractors and suppliers’ HSE responsibilities were required to be ‘clearly defined in contracts’ and their performance was to be evaluated (TFE, 2001d:14).

International standards
In 2001, the company reported that it was implementing ISO14001 in all its plants and facilities. The most sensitive of these were treated as a priority; 75% had been certified as complying with ISO 14001 by the end of 2001 (93 sites) (TFE, 2001a:24. Both ISO and EMAS were the benchmarks for the environmental management system; some sites had dual accreditation. The external recognition through third party certification or registration by independent audits was considered the added benefit of the standard (TFE, 2001a) in
contrast to the previous, company-regulated standards. As an interviewee explained: "The tradition of the three groups was a bit different, we had in-house systems, basically the same principle ISO14001. But, as nobody really wanted to learn or understand what was, for example the MAESTRO system [for upstream in TOTAL], we are now trying to switch to internationally recognised management systems, basically to better communicate with stakeholders externally. An in-house system is not something you can explain, but basically they are very, very similar."

The plan was to certify operational sites of the most important plants (n=500) of the Group (although in 2003, TFE was behind schedule); not necessarily the filling stations but more every single production plant. The initiative to implement ISO came from the corporate level, but only after full discussion with the branches, and with management executives. While the cost implications were still studied, the value of ISO met with diverse opinions; some interviewees did not see the interest as such, others showed no doubts:

— Exploration and production did not really see the interest of certification. "The classic thing is to get the award, and then the next day it goes bang, so certification..., but when you have to deal with outside parties 'who are not necessarily logical' then it becomes an easy measure."

— It depended on the quality of the organisation in the various branch and activities but "you don't have a choice when customers ask for it". 'ISO is as good as many other [standards] you could think of, it is pretty efficient. It is easy to understand, [and] to apply, but it definitely helps the organisation to understand the issues, to list the issues, to establish which levels [of compliance] they have for each single issue, and after that to establish targets, in order to monitor how the success progresses in the right direction."

— 'Today, it is a must to have a good management system, an EMS on which you can communicate. Nevertheless, changing from MAESTRO to ISO 14001 is going to take a few years, it is not something you do in two months.' The choice to certify was considered to be the result of peer pressure: 'Everybody else is using it. I don't think we have a choice'.

After the merger, sustainable development was included in the policy; the interviewees had diverse opinions about the effect of working in JVs on environmental management. A negative effect was 'certainly not systematically' supported. According to interviewees, some companies work extremely efficiently; more difficulty therefore arises when the chain is not controlled (e.g. in shipping). However, working in a JV can also slow things down because more issues need to be discussed to reach mutual understanding; this applies especially when the company is not an operator. Then the operator needs to be convinced of specific needs and/or most significant issues. According to one interviewee, this will all work out when time passes by: "But I would say that, collectively, this industry is progressing pretty well, it is a matter of speed and timing. The motion is there".

Environmental performance reporting

The developments in reporting on environmental performance (see Annex VI) were that, due to the absence of environmental information in Annual Reports and the absence of environmental reports as such, TOTAL did not provide any information. Elf by contrast, reported on a consistent set of indicators and showed figures for some of them. With the merger, TFE started to report on a set of indicators as well, showing comparisons over the years for almost all of them; however, the information in the Annual Reports was less consistent.
Monitoring and verification

An interviewee confirmed that audits were certainly carried out in the 1980s, but 'people dragged their feet a little'. The audits used to have a technical character, not a management character and "Now there is a strong move to the management side to get a hybrid format". A presentation showed three steps in the audit process for E&P: 1) identification of potential problem areas; 2) verification that operations are in line with regulatory requirements and HSE policy; and 3) submission of a relevant action plan, with preventive or remedial measures (Vidalie, 2003). An interviewee stated that the audits were "carried out periodically on the production facilities within the scope of the environmental management plan and HSE rules", but this frequency was not further specified. In addition, a difference was mentioned between a review and an audit: the latter is more restricted to technical issues. In 2000, TFE stated that the importance of performance audits and ratings should truly reflect actual results; therefore, the company signed up to the observance of corporate social responsibility and initiated discussion at the World Environment Center (TFE, 2000b). A periodical review of a systems monitoring system was reported for 2001 (TFE, 2001a); however, more precise information was not provided, and TFE's and Elf's reports were not verified.

10.5 Conclusions

What distinguishes TotalFinaElf in the group of case studies is that it is a highly internationalised company, has a single institutional background, and used to have a relatively centralised profile. Examining its environmental alignment brought to light just how dependent an outside audience is on the reports published by the companies. The non-reporting of TOTAL led to complete dependence on information from a limited number of interviews and other documentation. However, this contrast is also the interesting characteristic of this case. For example, TOTAL used to have an EMS but did not report on it, while Elf did report but no information on its EMS was available. All this underlines the limited insights one can get on the basis of external disclosure. However, in their environmental strategies, the companies shared both a technical orientation and uncertainty about the exact relationship between economic and environmental performance. With the merger, a compatibility perspective was pursued and the transparency was increased with more performance figures and a different, more open tone in external reporting. The functioning of the management systems was doubted by interviewees; they admitted that legislative contexts are more important than the systems themselves, which indicates the weight of coercive pressures. The choice for ISO as an international standard was considered to be imposed as well, although not by legislation, but by the sectoral context, an example of normative pressures.

Even though TOTAL and Elf were both highly internationalised, this did not lead to a high profile environmental strategy. After the merger, the company started to consider profiling more extensively; it can therefore be concluded that size is intervening with the variable of internationalisation. The increased size of the company led to the conclusion that the company had to live up to the expectations for larger MNCs; therefore, it needed to make sure that its efforts became more visible. However, the overarching characteristic of the company remains that it is French, which means that its institutional setting used to be characterised as less stringent than other Western European settings. In combination
with the relatively centralised structure of TOTAL, this has resulted in a lack of monitoring and systematically organised systems. However, this does not mean a lack of knowledge.

TFE’s environmental alignment is, therefore, considered to be out of balance: the environmental strategy does not yet seem very systematic, while the environmental structure shows doubts about a guaranteed implementation. Although TOTAL and Elf presented different strategies, their level of implementation has been rather congruent. With the merger, the company has levelled both of the strategic approaches and seems to be climbing to a higher level of profiling and implementation. Due to the seeming lack of systematic efforts and guarantees for overall implementation, the company is positioned in the second quadrant instead of the fourth quadrant. The order of the alignment is consequently characterised as of first-order (simple consistency), but with the remark that TFE’s technological capabilities seem to be of a nature which could relatively easily lead to changes. The performance of the company in certain projects seems to provide examples of those different levels of alignment. The direction of the relationship for TFE’s environmental alignment has the potential to change from technology transformation to competitive potential, if the company can reach the required level of commitment in the different national contexts and cultures, a commitment of which it has frequently expressed its pride.

Figure 10-2 TFE’s position in the corporate greening model

![Diagram showing the corporate greening model with four quadrants: passive/reactive low, passive/reactive high, active/proactive low, active/proactive high, with Total 1990 in quadrant 1, Elf 1990 in quadrant 3, TFE 2002 in quadrant 2, and an arrow indicating movement from the fourth quadrant to the second quadrant.]

Source: Adjusted from Winn and Angell, 2000. For Notes, see Chapter 4, section 4.4.2.