Greenwash + 10
The UN’s Global Compact, Corporate Accountability and the
Johannesburg Earth Summit

January 2002
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Executive Summary

The 1992 Earth Summit in Rio de Janeiro represented a high point of hope for the international community in general and the United Nations in particular. The Rio Summit led to a series of challenging negotiations whose purpose was to protect the earth and improve life for its most impoverished inhabitants. Unfortunately, that purpose was undermined by the Summit's failure to confront corporate power in any meaningful way.

The 2002 Johannesburg Summit on Sustainable Development is an opportunity to re-dedicate ourselves to the goals of Rio and to avoid the mistakes made since the first Earth Summit. With a highly respected Secretary-General in place, it is a chance to strengthen the UN as an institution that can monitor global corporations and hold them accountable. But the Johannesburg meeting takes place as the UN is increasing its commitment to corporate partnerships, a situation that threatens the success of the Summit.

The highest profile partnership is the Global Compact. This asks business to adhere to nine principles derived from key UN agreements and is becoming a general framework for UN cooperation with the private sector. The motivation of the Secretary-General is to bring corporate behavior in line with universal values. However, business influence over its design has riddled the Global Compact with weaknesses and contradictions.

In the first 18 months of the Global Compact, we have seen a growing but secret membership, heavy influence by the International Chamber of Commerce, and a failure to publish even a single case study of sustainable practices. The Global Compact logo has been used without attribution by DaimlerChrysler, even as Global Compact officials insist that use of the general UN logo is strictly controlled. The Global Compact represents a smuggling of a business agenda into the United Nations. It should not be considered a contribution to or framework for the Johannesburg Summit.

Global Compact Violators

The Global Compact associates with notorious violators of UN values. Several Global Compact companies have already violated one or more of the Principles of the Compact since it was launched. For instance:

Aventis has violated Principle 7, “support a precautionary approach to environmental challenges” with its introduction of genetically engineered StarLink corn in the U.S.

Nike has violated Principle 3, “freedom of association and the effective recognition of the right to collective bargaining” in Vietnam, China, Indonesia, Cambodia and Mexico.

Rio Tinto has violated Principle 1, “support and respect the protection of international human rights within their sphere of influence,” and Principle 8, “undertake initiatives to promote greater environmental responsibility” at the PT Kelian gold mine in Indonesia.

Norsk Hydro has violated Principle 1, “support and respect the protection of international human rights within their sphere of influence,” and Principle 2, “make sure their own corporations are not complicit in human rights abuses” at their bauxite/alumina joint venture in India.

Unilever has violated Principle 7, “support a precautionary approach to environmental challenges,” Principle 8, “undertake initiatives to promote greater environmental responsibility,” and Principle 9 “promote the diffusion of environmentally friendly technologies” at their thermometer factory in Kodaikanal, India.

The International Chamber of Commerce has violated Principle 7, “support a precautionary approach to environmental challenges,” and Principle 8, “undertake initiatives to promote greater environmental responsibility” in their overall program of lobbying on behalf of big business.

Business Action for Sustainable Development

The success of Johannesburg is threatened by the industry lobby group Business Action for Sustainable Development (BASD). BASD intends to advocate voluntary measures and “self-regulation,” while publicizing anecdotal case studies to prove industry’s contribution to sustainable development. The selection of former Shell head Mark Moody-Stuart to lead BASD is a slap in the face to citizen movements for corporate accountability, as Shell is a symbol of transnational corporate impunity.

Launch a Framework Convention on Corporate Accountability

The Johannesburg Summit is framed by the question of whether governments can take action to re-direct corporate behavior in more sustainable directions while simultaneously increasing partnership and cooperation with the private sector. Voluntary corporate responsibility, while potentially positive, can become an obstacle when used as a diversion from attempts to hold corporations accountable. A Convention on Corporate Accountability would provide a step toward democratic control over corporations at an international level.
The Johannesburg Summit is a perfect opportunity to launch negotiations on such a Convention.

**Recommendations**

We recommend that:

- The Global Compact should be renamed the Global Accountability Compact and substantially redesigned. The redesign should make clear that it is not a partnership of allies that agree on all goals, and should clarify that the purpose of the Compact is not to support a liberalized trade agenda. The Compact should include provisions for monitoring of compliance with its Principles, and for public review of corporate case studies. Global Accountability Compact companies should commit to supporting the implementation of UN-brokered multilateral agreements.

- In the meantime, the names of corporations participating in the Global Compact should be made public. Corporations violating one or more Global Compact principles should be suspended from further UN partnership activities.

- Governments should not look to Business Action for Sustainable Development (BASD) or similar advocates of voluntary corporate responsibility for the primary solutions to unsustainable business practices.

- Instead, governments at the Summit Preparatory meetings in New York should begin discussion of a Framework Convention on Corporate Accountability to be launched in Johannesburg.

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**Global Compact: Theory and Reality**

**Theory:** With the Global Compact, the Secretary-General asked world business to follow nine basic principles.

**Reality:** Some companies that joined the Compact turned around and violated them almost immediately.

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**Theory:** The Global Compact is a learning forum.

**Reality:** In a year and a half, not a single learning forum case study has been published.

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**Theory:** The Global Compact advocates openness and transparency.

**Reality:** The names of most participating companies are secret.

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**Theory:** Corporate use of the UN logo is strictly controlled.

**Reality:** Corporate use of the UN Global Compact logo is not controlled.

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**The Road from Rio**

“[C]ooperation [with the private sector] must be managed in a manner that does not compromise the independence and neutrality of the United Nations...”

--Kofi Annan

“It is...crucial that governments protect the integrity of the spirit and letter of the UN embodied in ‘We the peoples...’ by ensuring a corporate-free UN” (emphasis added)

--Asia-Pacific Peoples’ Forum on Sustainable Development


The 1992 Earth Summit in Rio de Janeiro represented a high point of hope for the international community in general and the United Nations in particular. With a deepened understanding of the connections between environment and development, UN diplomats, governments and non-governmental organizations (NGOs) left Rio to embark on a series of ambitious international conferences and challenging negotiations. Their purpose was to protect the earth and improve life for the most impoverished of its human inhabitants.

Unfortunately, that purpose was undermined by the Summit’s failure to confront corporate power in any meaningful way. Governments in Rio allowed big business to avoid a binding legal framework on their activities, opting instead for a voluntary approach to sustainable development. In Rio, some NGOs warned that heavy influence of business on the Summit would lead to the “partial privatization of the UN,” and the “globalization of greenwash.”

During the almost 10 years since Rio, a parallel process has taken place, which has sidelined the agreements forged there and dissipated the energy that the Earth Summit inspired. Through the process of globalization, transnational corporations have increased their economic power enormously in the last decade. They have also successfully resisted most environmental challenges to their core businesses, maintaining unsustainable practices in the energy, chemicals, agriculture, extractive and transportation sectors.

Now, 10 years on, citizen groups, thousands of which are planning to attend the World Summit on Sustainable Development (WSSD) in Johannesburg, are making an attempt to revive the spirit of Rio, a spirit that values environment, human rights, worker rights, human health and justice above commercialism, corporate rights and “free” trade.

This effort comes at a time when the United Nations is
increasing its dedication to partnerships with business. Such partnerships date back to Rio, when the conference Secretary-General invited business to advise him on its view, and business eagerly accepted the invitation. The World Business Council for Sustainable Development (WBCSD), formed to advise the Rio Summit, has been enormously influential at the United Nations ever since. But in the last three years, under Secretary-General Kofi Annan, the UN’s ideological embrace of world business has tightened even further. The new philosophy, building on the Rio Summit’s approach, declares that “confrontation has been replaced by cooperation.”

Mr. Annan’s Global Compact is the highest profile UN partnership program, and no doubt will be cited in the Johannesburg documents as an example of UN-private sector cooperation. This report argues that the Global Compact is deeply flawed and represents the smuggling of a business agenda into the UN. We believe that the Global Compact should not be regarded as a model for cooperation, nor a contribution to the Johannesburg Summit, but rather should be scrapped or re-designed completely.

A crucial question hangs over the Johannesburg meeting: Can the UN member states successfully sponsor a conference that by its very nature must confront the practices of big business, while simultaneously seeking to increase UN cooperation with big business?

Behind this question is a conflict between two approaches to the conundrum of overwhelming corporate power in a world desperately needing radical change toward sustainability. The first approach is “corporate responsibility.” Corporate responsibility refers to any attempt to get corporations to behave responsibly on a voluntary basis, out of either ethical or bottom-line considerations. The second approach is “corporate accountability,” which refers to requiring corporations to behave according to societal norms or face consequences.

Voluntary corporate responsibility and corporate accountability may be mutually supportive in some circumstances. But this report argues that in critical moments, the purpose of voluntary corporate responsibility is not to improve the behavior of corporations on behalf of sustainability, but rather to avoid accountability mechanisms that would be more difficult for corporations to control. The Johannesburg Summit is one of those critical moments.

Judging from past business behavior, there is a distinct danger that corporations will point to the Global Compact and other voluntary measures as the reason why accountability measures are not necessary.

Greenwash + 10 is an update of the CorpWatch report of September 2000, Tangled Up In Blue - Corporate Partnerships at the United Nations. Tangled summarized flaws in the design of the Global Compact and other UN-corporate partnership programs. Greenwash + 10 focuses on the Global Compact in practice over its first 18 months, and argues that it should not become a framework for the relationship between the UN and the private sector or for the WSSD. Six articles previously published on our website (www.corpwatch.org/un) and abstracted here provide evidence that Global Compact companies are violating the Compact’s principles, without censure—or even acknowledgement—from UN officials. We believe a careful study of the Global Compact’s progress so far will provide an object lesson in the pitfalls of UN-corporate partnerships, a lesson which may help us focus on what is really needed to make the Summit in Johannesburg a success.

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**Greenwash (n)**

1. Disinformation disseminated by an organization so as to present an environmentally responsible public image. *(Tenth Edition of the Concise Oxford English Dictionary)*

2. The phenomenon of socially and environmentally destructive corporations attempting to preserve and expand their markets by posing as friends of the environment and leaders in the struggle to eradicate poverty. *(CorpWatch)*

**Bluewash (n)**

1. Allowing some of the largest and richest corporations to wrap themselves in the United Nations’ blue flag without requiring them to do anything new. *(New York Times)*

2. Efforts by corporations to be perceived as part of the world humanitarian community through voluntary association with the United Nations, without provisions for accountability. *(CorpWatch)*
The Global Compact’s Contradictions

“...we strongly call on governments to support a growing citizens' campaign that demands the dissolution of the Global Compact.”
Phnom Penh, Cambodia

The Global Compact is the highest profile corporate partnership at the UN, and is cited as a model and major initiative by many corporations and UN agencies. It is also likely to be a framework for business participation in the Johannesburg Summit. Therefore, it is important for governments and NGOs involved in the Summit process to understand the Global Compact.

In the Global Compact, Secretary-General Kofi Annan asked business to abide by nine principles derived from key environmental, labor and human rights agreements. Virtually everyone, including us at CorpWatch, believes in and promotes these nine principles. But the Compact has serious flaws.

In our earlier report, Tangled Up in Blue, we noted four flaws of the Global Compact, which are still relevant:

1. Wrong Companies
   Notorious violators of the Compact's nine principles are allowed to participate in the Compact activities.

2. Wrong Relationship
   The UN should not necessarily aspire to “partnership” with corporations, even when cooperation is appropriate. Last year, Global Compact personnel indicated that it was no longer considered a partnership program, but web materials and the Secretary-General’s report to the General Assembly indicate the partnership language is still being used.

3. Wrong image
   The image projected by certain corporations—both purposely and inadvertently—might rub off on the UN, to the UN’s detriment. The UN has shown poor judgement in allowing executives such as Nike’s Phil Knight to be photographed with Mr. Annan in front of the UN flag, without any substantial effort by the company to adhere to Global Compact principles.

4. No Monitoring or Enforcement
   As the Secretary-General’s report to the General Assembly puts it, “the Global Compact is not intended as, and does not have the capacity to be, a corporate code of conduct or global standard.” But without monitoring company behavior, it is impossible to know whether the Global Compact firms are even abiding by the principles of the Compact.

UN Responses

The Office of the Global Compact has responded to these criticisms in several ways. First, it reiterates that the UN logo is carefully safeguarded and cannot be used by Compact companies without express permission of the UN legal office.

Second, the UN says it does not have the resources or mandate to do monitoring or enforcement of the Global Compact, and that it should not be seen as a code of conduct or regulatory mechanism.

Finally, the UN emphasizes that the Global Compact is, despite its name, a “multi-stakeholder learning network,” characterized by dialogue and action.

These arguments, along with developments since the Compact’s launch in July 2000, raise additional contradictions.

No Logo?

While the Global Compact itself does not automatically allow participating companies to use the UN logo, the UN’s “Guidelines for Cooperation with the Private Sector” does foresee some use of the UN logo. The Global Compact logo (not the main UN logo) appears on a DaimlerChrysler publication called The Global Compact (see page 16).

The question of UN image goes beyond the technicalities of UN logo use. The DaimlerChrysler publication also features an “editorial” by Kofi Annan, which is in fact a speech masquerading as a column written especially for DaimlerChrysler. There—side by side with an editorial by Daimler Chair Juergen Schrempp, and near a photo of a Daimler executive shaking hands with Kofi Annan in front of the UN flag—the column runs under the header “DaimlerChrysler and the Global Compact.”
Outside the Global Compact, the UN has shown similar disregard for its own image. A glossy booklet, *The United Nations—The Millennium Summit*, published in New York for the Sept. 2000 Summit, freely mixes ad copy and speeches about world peace, photos of corporate executives and photos of UN personnel. The tacky amalgam makes the UN Millennium Summit seem like an excuse to sell advertising pages. For those who respect the Secretary-General and the UN, the booklet, which fortunately was not widely distributed, seemed like the precursor of a potential image nightmare for the UN.23

**Secret Membership**

At the July 26, 2000 Global Compact launch in New York, Kofi Annan was joined by Nike CEO Phil Knight and representatives of some 44 other corporations, whose names were published as Global Compact companies.22 Since that time, the UN has issued many statements claiming new members, and reports that hundreds of companies have joined the Global Compact.23

But it has refused to name those companies, saying it wished to avoid giving those companies a free publicity ride. (This policy is not applied consistently: on October 12, 2001, United Nations Office for Project Services announced that the Russian oil company YUKOS “had officially joined the Global Compact.”24 Membership policy is even more confusing when you consider that UN officials believe bad actor companies should be part of the Compact,25 but certain industries, like tobacco, are not welcome.26) Secret membership is an odd policy for an initiative that claims “transparency” as one of its tools.27 Even stranger is the fact that the UN acknowledges it cannot monitor the companies in the Compact, and relies on NGOs to do so, but NGOs are not permitted to know the names of the companies they would monitor.

**Illusory Role for NGOs**

This brings us to another contradiction of the Global Compact. The Compact managers claim that civil society has a major role to play. But many of the NGOs named as partners have had trouble articulating what their role is.28 In fact, as the Amsterdam-based research group Corporate Europe Observatory has documented, it is the International Chamber of Commerce (ICC) that has been the primary partner and even co-designer of the Global Compact.29 The ICC is the same business lobby largely behind Business Action for Sustainable Development (BASD), industry’s primary voice for the Johannesburg Summit.

Even if their role in the early stages was minor, some important labor unions and NGOs are supportive of the Global Compact’s potential to provide new opportunities for dialogue with business. Amnesty International and the International Confederation of Free Trade Unions (ICFTU) are among those that have joined the Global Compact Advisory Board.30

Amnesty International believes that the Global Compact must be monitored. They have made it clear that the success of the Compact will depend on monitoring and some sort of sanctions mechanism,21 while the Global Compact Office and the ICC have insisted there can be no such mechanism. Amnesty will continue to raise, from within the Advisory Council, issues similar to the ones raised from the outside by the Alliance for a Corporate-Free UN.32

Whether the NGOs inside or outside will have much influence on the function of the Global Compact is an open question. The ICFTU has made public statements strongly supportive of the Compact’s potential,20 and the UN is quick to point to that support. However, UN officials tend to downplay or ignore the views of NGOs skeptical of the Global Compact.33 UN officials have even attempted to smear the reputation of NGOs critical of the Global Compact.34

**Whose “Learning Model?”**

Although the Global Compact was first introduced by Kofi Annan at the Davos World Economic Forum, one of the main substantive activities of the Compact, the publishing of “best practices” case studies, is derived from industry input to the Rio Conference and other forums on sustainable development. Business has been publishing “best practices” case studies since at least 1992. Both the International Chamber of Commerce (ICC), in its 1992 book, *From Ideas to Action*, and the Business Council for Sustainable
Development, in various publications, championed the case study as a way of spreading good practices. Some of these case studies have been in fact studies of worst practices with good spin, others were trivial, still others controversial. Some case studies may represent real progress. But taken as a whole, the case studies are meant to convey the message that business understands the problems, is already finding solutions, and governments need not meddle in this process of innovation. So-called best practices case studies can be a diversion from the need for corporate accountability.

The Global Compact Office publishes short corporate case studies regarding environmental issues on its website. The authors and companies are not identified, making it impossible to evaluate the studies. The Global Compact also appeared to endorse case studies by the ICC, by including a prominent direct link to the ICC web-published case study blurbs. Those include examples of companies, like Nestlé and BAT, which are not in the Global Compact, adding to the confusion over inclusion.

One of the Compact’s main planks is the annual Learning Forum. The Learning Forum description has a lot of fancy phrases like “learning synergies” and “participatory platforms.” But behind the fancy phrases, the Global Compact Learning Forum is essentially the same best practices case study approach promoted by business since 1992. With the emphasis on dialogue without commitment, exclusively voluntary steps, and case studies selected by business, one could surmise that the Learning Forum is industry’s agenda smuggled into the UN, via the Global Compact.

The main advantage of the Global Compact Learning Forum over International Chamber of Commerce materials is having an academic committee evaluate the studies before publishing. Using this advantage, the UN could create a learning forum that governments and communities would trust, as opposed to the self-serving case studies of business associations. With serious evaluation, the Global Compact could be considered an improvement over business-only initiatives. The Compact managers seemed to recognize this opportunity recently when they downgraded the corporate case studies to “examples,” reserving the term “case studies” for more elaborated, independently evaluated pieces. They also provided guidelines for what a case study should contain, rather than leaving it to each company.

But the evaluative function, while important, has also revealed the weakness of the corporate contributions so far. The Global Compact Office was slated to web publish its first set of corporate case studies on the one year anniversary of its launch, in July 2001. In July, they announced that the case studies would be delayed until the first Learning Forum, which took place in London on October 29-30, 2001. But at that Learning Forum, UN officials discovered that “none of the company submissions conformed to the case study guidelines suggested by the Global Compact Office,” and about half “did not make reference to any of the nine GC principles.”

To its credit, the Office did not publish these case studies, many of which reportedly were drawn from trivial corporate actions taken before the Compact was conceived. Yet UN officials emphasize that the Global Compact should be judged by results, and that its fulfillment will be measured through the “annual posting [of case studies] and actions taken.” How then should we judge the inability of even its star companies to provide presentable case studies?

This failure also provokes one to wonder how many International Chamber of Commerce and World Business Council for Sustainable Development case studies would have been published had there been an independent review. As the UN Research Institute for Social Development (UNRISD) points out, a handful of anecdotes provide the “evidence” for a supposed “paradigm shift” in business attitudes and practices. UNRISD views progress on corporate responsibility through voluntary Codes of Conduct and other voluntary initiatives as “incipient and piecemeal.”

Even the architects of the Global Compact acknowledge that “the fact that the GC recognizes and promotes a company’s ‘good practices’ provides no guarantee that the same company does not and will not engage in ‘bad’ ones elsewhere.”

Good practices are better than bad ones, and the UN’s facilitation in evaluating which are which is welcome. But case studies are no replacement for corporate accountability measures. In Johannesburg, people will be demanding accountability.

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**Bluwash**

Recently, bluwash has emerged as a common practice among certain transnational companies. The blue in bluwash refers to the color of the UN flag and helmets of UN peacekeepers. Many of the same companies that pioneered greenwash are now wrapping themselves in the UN flag and claiming to be champions of UN values such as human rights and poverty elimination, as well as environmental protection.
Global Compact Violators

Since the Global Compact case studies have not been posted to the UN website, CorpWatch is unable to analyze them. However, based on research by our colleagues in the Alliance for a Corporate-Free UN, we can report that several companies have already violated the Global Compact principles onto which they signed. The following are excerpts from articles documenting these violations. These articles do not represent a complete inventory of Global Compact violations, but rather a small sampling of what we might find in a comprehensive investigation. (The full articles are available on our website at www.corpwatch.org/un.)

Aventis

Since Aventis signed on to the Global Compact in July 2000, its genetically engineered StarLink™ corn has illegally contaminated the food supply and seed stock in the U.S. The contamination of other corn varieties significantly impacts links throughout the food chain, from farmers, grain elevators, and food processors to retail grocers and consumers. Without a system of segregation or the ability to control pollen drift, StarLink contaminated much of the U.S. corn supply. The full costs of this contamination continue to emerge; however, current estimates run in the hundreds of billions of dollars.

A look at the company’s behavior regarding StarLink shows that before and after signing the Compact, Aventis violated Global Compact’s Principle 7, which is drawn from the Rio Declaration and supports “a precautionary approach to environmental challenges.”

Source: Institute for Trade and Agriculture Policy

Nike

Since 1997, Nike has continually failed to uphold “freedom of association and the effective recognition of the right to collective bargaining,” which is Principle 3 of the Global Compact. Nike made a commitment to respect this right in 1997 when it signed the Fair Labor Association voluntary workplace code of conduct along with other giant shoe and garment manufacturers like Reebok, Adidas, Liz Claiborne and Patagonia. Violations of Principle 3 and related accounts of repression, firings, violence and threats are found in Nike production factories in China, Indonesia, Thailand, Cambodia and Mexico. In addition, Nike has been actively involved in lobbying Washington against using trade policy to pressure China to respect workers’ rights.

Source: Global Exchange

Rio Tinto

In 2000, the Indonesian government’s National Human Rights Commission investigated allegations of abuses at the Rio Tinto’s Kelian gold mine and found egregious violations. Since the mine opened in 1992, the Commission revealed, the Indonesian military and company security forcibly evicted traditional miners, burned down villages, and arrested and detained protesters. Local people have systematically lost homes, lands, gardens, fruit trees, forest resources, family graves and the right to mine gold in the river, according to the Human Rights Commission. Kelian employees have also been named in a number of incidents of sexual harassment, rape and violence against local women between 1987 and 1997. These included abuse and rape committed by senior company staff against local Dayak women.

Rio Tinto, which has headquarters in the UK and Australia, also is accused of environmental abuses affecting the health of the surrounding community. The Kelian mine produces over 14 tons of gold per year using the cyanide heap-leaching process, which produces contaminated tailings. The tailings are held in a dam and treated in a polishing pond near the Kelian River. Water from the polishing pond pours into the river through an outlet. The company claims that the water is clean; meanwhile the community says that people cannot drink or bathe in the water because it causes skin lesions and stomach aches.

Two articles on the CorpWatch website (www.corpwatch.org) document that Rio Tinto has violated Principle 1 of the Global Compact, which requests companies to “support and respect the protection of international human rights within their sphere of influence,” and Principle 8, which asks business to “undertake initiatives to promote greater environmental responsibility.”

Source: Project Underground and Asia-Pacific Human Rights Network
International Chamber of Commerce

The International Chamber of Commerce (ICC), a lobby group with over 7,000 corporate members, is a prominent partner in UN Secretary-General Kofi Annan’s Global Compact and has played a key role in shaping it from the start. While the ICC has provided momentum to the Global Compact, it also seriously undermines its credibility.

The ICC has a long history of vigorous lobbying to weaken international environmental treaties and these efforts have continued even after the group has pledged support for the Global Compact principles. Examples include the Kyoto Protocol, the Convention on Biodiversity, and the Basel Convention against trade in toxic waste. In all of these UN negotiations, the International Chamber’s obstructive lobbying runs counter to the Global Compact principles to which it allegedly subscribes.

For instance, rather than “supporting a precautionary approach to environmental challenges,” (Principle 7), and rather than undertaking “initiatives to promote greater environmental responsibility” (Principle 8), the ICC promotes a narrow commercial agenda, dominated some of the world’s most environmentally irresponsible corporations.

*Source: Corporate Europe Observatory*

Unilever

In March 2001, residents of Kodaikanal, a pretty hill retreat in Southern India, caught the Anglo-Dutch multinational Unilever red-handed when they uncovered a dumpsite with toxic mercury-laced waste from a thermometer factory run by Unilever’s Indian subsidiary Hindustan Lever. The 7.4-ton stockpile of crushed mercury-containing glass was found in torn sacks, spilling onto the ground in a busy scrap yard located near a school. Company officials denied and downplayed the dumpsite, eventually refusing even to engage researchers in dialogue about the issue.

At Kodaikanal, Unilever’s behavior violates the environmental principles of the Global Compact that require signatories to “support a precautionary approach to environmental challenges” (Principle 7); “undertake initiatives to promote greater environmental responsibility” (Principle 8); and promote the “diffusion of environmentally friendly technologies” (Principle 9). Allegations that the company has employed a double standard in relation to worker safety indicate a violation of Principle 6, “the elimination of discrimination in respect of employment and occupation.”

*Source: Nityanand Jayaraman/CopWatch*

Norsk Hydro

Late in 2000, Norsk Hydro, a Norwegian corporation with investments in light metals, oil, petrochemicals and agriculture, faced a crisis in the Eastern Indian state of Orissa, where it is a partner in a $1 billion bauxite/alumina project. On December 16, three tribal men—two aged 25 and one aged 45—were shot dead near their village. Nine others were seriously injured. The three who died were among several hundred local residents fleeing armed police, who had been called in to quell protests against the project.

Norsk Hydro and its partners did decide to “temporarily curtail” the project “pending a lower level of tension.” But that response does not reveal the company’s role in fueling tensions leading to the protestors’ deaths. Allowing tensions to reach a point where police violently repress dissent reflects a violation of Principle 2, “make sure their own corporations are not complicit in human rights abuses.” The failure to abandon the project in keeping with the wishes of the local people is a violation of Principle 1, “support and respect the protection of international human rights within their sphere of influence.”

*Source: Nityanand Jayaraman/CopWatch*
Business Action for Sustainable Development: Influencing the Summit for Business

In Rio, the elite greenwash companies belonged to the Business Council for Sustainable Development, which later became the World Business Council for Sustainable Development (WBCSD). The WBCSD was formed specifically to advise the Rio Summit on the business role in sustainable development, but has remained active since.

For Johannesburg, the WBCSD has joined with the ICC to form yet another grouping, called Business Action for Sustainable Development (BASD). BASD is designed to be the main business voice for the Johannesburg Summit. Their message is that "business is part of the solution." BASD is straightforward about its goal of ensuring "the world business community is assigned its proper place in preparations for the Summit and that we are seen at the event itself to be playing a constructive role." The goals of BASD are to avoid new regulations and promote voluntary measures and "self-regulation." But it is the role of Shell that is the clearest signal of BASD's approach. Mark Moody-Stuart, until recently the head of Shell, is the chair of the BASD. (Another Shell executive, Phillip Watts, is the chairman of the WBCSD, adding to Shell's elite role among corporate environmentalists.) As head of Shell, Moody-Stuart had enormous experience with the tribulations— and trials— of corporations under fire, as he had to deal with the aftermath of both the Brent Spar scandal in Europe and the tragedy of the execution of Ken Saro-Wiwa and his Ogoni comrades in Nigeria.

Shell's role is surely both symbolic and significant in the world of corporate responsibility, and also in the world of corporate greenwash. The choice of Shell's chief as the head of BASD is a slap in the face to citizen campaigners for corporate accountability. A bit of Shell's history explains why.

Deep Greenwash

"Deep greenwash" refers to the political effort to avoid democratic control of corporate behavior through a combination of PR and lobbying muscle. At the Rio Earth Summit, greenwash went global, with a strategic attempt to portray not just individual corporations but business and industry as a whole as allies in the struggle to save the planet. And since these allies purportedly understood the world's problems and were working to solve them, no new regulations or monitoring programs would be necessary. This massive public relations effort, complemented by a heavy dose of old-fashioned lobbying, worked. References to transnational corporations were excised from the Rio texts, a report by the UN's Centre on Transnational Corporations was suppressed, and big business was generally left to do big business as usual.
Shell’s Greenwash

Even before the 1992 Rio Conference, Shell had come up with some beautiful greenwash ads. A 1991 ad placed in the Hong Kong Friends of the Earth Journal depicted an adorable Asian girl leaning on a globe, with the tagline, “Protected by Shell.” The “protected” include the girl and the planet, of course. The copy discusses the company’s support for the Tree Project and says, “In fact, as long as the earth needs someone to care for it, you can be sure of Shell.” The theme of caring continues today, as a recent Shell report tells the reader, “We care about what you think of us.”

A company opposing most corporate accountability mechanisms cannot be considered responsible.

But in the mid-1990s, “Shell” and “caring” belonged together like fish and bicycles. The story of Shell’s environmental contamination of the Niger Delta and its complicity in the events leading to the execution of Ken Saro-Wiwa and eight colleagues has been told many times and will not be recounted here. Those events became worldwide symbols of corporate complicity in human rights abuses, and led to mass campaigns against Shell and a massive PR headache for the company. The Shell scandal, perhaps more than any in the 1990s, defined the struggle for transnational corporate accountability.

Therefore it was not entirely surprising that Shell began touting its commitment to human rights, along with its environmentalism. It posts the Universal Declaration of Human Rights on its website. It suggests that human rights are “the heart of our business.” No company has done more to co-opt the language of human rights activists than Shell.

Shell also invented a clever, blatantly self-serving ideology. The catch phrase of this ideology is “Profits & Principles...Does There Have to Be A Choice?” Though framed as a question, an overall reading of Shell’s literature, from ads to booklets to webpages, makes it clear they believe they can have both profits and principles, and need not sacrifice either.

Responsibility Without Accountability

Whatever one thinks of this philosophy, there is no doubt that Shell has aggressively embraced the concept of corporate responsibility, and has won a certain amount of respect for its rhetoric. But Shell insists on its own interpretation of responsibility. In Shell’s happy world, profits and principles go hand in hand, the world’s largest oil corporation can rebrand itself as a renewables company and the rest of us can just sit back and relax.

But in the real world, Shell resists any attempts to hold it accountable for actions others consider mistakes or crimes. For example, at no time has the company acknowledged blunders with its behavior in Nigeria, with the Brent Spar oil platform and with poisoning farm workers with the pesticide DBCP. And it has used all possible legal maneuvers to avoid liability in US courts for the death of environmentalist Ken Saro-Wiwa.

A single corporation will not submit to accountability unilaterally, on a case by case basis, since its competitors would benefit unless they were forced to follow the same rules. Nevertheless, with Shell people in leadership at BASD, we should not be surprised if the industry position at Johannesburg comes out in favor of voluntary corporate responsibility and opposed to corporate accountability. And we should not be surprised if Shell and the BASD try to redefine “accountability” in a way they find acceptable.

It is time for non-governmental groups and sympathetic governments to set a litmus test for corporate responsibility. If a company or industry grouping opposes most corporate accountability mechanisms and lobbies against them, they cannot be considered a responsible corporation and should not be wooed for cooperation with the United Nations.

Classic Greenwash

Classic greenwash usually means environmental image advertising. Pristine natural scenery and pious declarations of respect for the earth are the greenwash cliches we have seen many times from mining, nuclear and chemical giants, among others. The aim is simple: to promote a clean and green corporate image.
Greenwash Award to Shell for Clouding the Issue

Shell joins BP and Chevron as the oil companies with the prettiest and most misleading environmental advertising in the world. The following are excerpts from a Greenwash Award given by CorpWatch to Shell.

The ad “Cloud the Issue” is pretty, of course, and it sounds reasonable, caring and honest. Shell asks: “Is the burning of fossil fuels and increased concentration of carbon dioxide in the air a serious threat or just a lot of hot air?” It sounds like a tough question, but it’s not. There is overwhelming scientific opinion that both fossil fuel use and CO2 emissions are a serious threat. The main reason for the “hot air” theory is a major effort by the oil industry, among others, to discredit climate change science in the eyes of policy makers and the public. Shell has been among the companies questioning the science since 1988, although in recent years it has finally admitted that enough is known to call for a precautionary approach.

Shell says that “last year, we renewed our commitment not only to meet the agreed Kyoto targets to reduce greenhouse gas emissions, but to exceed them.” This is a fine step, but not nearly as significant as it might seem. Like the other fossil fuel giants, Shell’s impact on the climate stems not primarily from its use of oil and gas, but from its production. Oil produced by Shell alone accounts for more carbon dioxide than most countries in the world. Steps to address this much larger role would be significant, but instead Shell continues a worldwide effort to locate and produce more oil and gas that the world cannot afford to burn if it is to avoid catastrophic climate change.

Shell says, “We’re working to increase the provision of cleaner burning natural gas...” In theory, natural gas leads to some lower carbon emissions than burning of oil for the same amount of energy. But if you count gas leaks, known as fugitive emissions, the difference between gas and oil for the climate is slim to none, and impacts on the local environment and communities are similar to those of oil. Natural gas is a best an incremental improvement over oil, and at worst a distraction from the real challenge of moving our economies beyond fossil fuels.

Meanwhile, other ads in the “Profits or Principles” series tout Shell’s commitment to renewable energy sources. They feature Shell photos of lush green forests accompanied by earnest discussion of this purported commitment. But, according to Greenpeace, Shell spends a miniscule 0.6% of its annual investments on renewables. In true greenwash fashion, Shell’s actions do not match its words.

Says Shell, “It’s all part of our commitment to sustainable development.” Their ad writer should read an essay in Shell’s own glossy “Profits and Principles” booklet. Buried in the expensive and lovely pages of that publication is this nugget of truth: “...a sustainable oil company is a contradiction in terms.”

“Cloud the Issue or Clear the Air?” Long-time Kyoto Protocol watchers are aware of the powerful role the oil industry has played in slowing and weakening the agreements on climate change. Self-proclaimed corporate environmentalist leaders like Shell and BP take credit for voluntary initiatives that do not harm their bottom line, while allowing others to do the dirty work of making sure international agreements do nothing to curtail their activities. The pictures and copy in Shell’s ads are clear. But in the atmosphere of the climate negotiations, they have clouded the issue once again.

This ad “Clear the Air or Cloud the Issue?” has appeared in the Financial Times and other publications.
A Framework Convention on Corporate Accountability

Business has not changed its approach to sustainable development substantively since Rio. But the world has changed. Corporate power, already overwhelming in 1992, has been unmasked as the force behind the undemocratic and unfair ways of the WTO and other instruments of globalization. Especially since Seattle, the grassroots movement against corporate globalization has come of age.

This movement has been campaigning for corporate accountability—the ability of governments and citizens to require and prohibit certain behaviors by corporations or have them face consequences—on many levels. Consumer action on sweatshop goods, International Right to Know legislation, transnational lawsuits, and Teamster/Turtle coalitions are all part of a growing emphasis on corporate accountability at the international level. At the UN, NGOs have worked with the Subcommission on Human Rights on a Code of Conduct for transnational corporations.

It is time for the governments of the United Nations to recognize this movement as a legitimate voice of “We the Peoples.” The UN has listened to the voice of business and industry. Now it must listen more closely to citizen movements for corporate accountability.

At present, corporations are legally accountable to their stockholders, but only voluntarily responsible to their “stakeholders.” The time has come for multinational companies to be made accountable to workers, governments, citizens, consumers, intergovernmental organizations, neighbors and hosts as well as their shareholders.

A proposal for a Framework Convention on Corporate Accountability to be launched in Johannesburg, drafted by Friends of the Earth International, contains the following elements:

- Corporate reporting requirements on environmental and social impacts.
- Prior consultation with affected communities, including environmental impact assessments and access to information.
- Extended liability to directors for corporate breaches of environmental and social laws, corporate liability for breaches of international laws or agreements.
- Rights of redress for citizens, including access for affected people anywhere in the world to pursue litigation where corporations are listed, a provision for legal challenge to company decisions by stakeholders, and a legal aid mechanism to provide public funds to support such challenges.
- Community rights to resources, including indigenous peoples’ rights over common property such as forest, fisheries and minerals, veto rights over development projects and against displacement and a right to compensation for resources expropriated by corporations.
- Sanctions against companies breaching these duties, for example suspending stock exchange listing, fines and (in extreme cases) de-chartering or withdrawal of limited liability status.

A convention on corporate accountability such as that proposed by Friends of the Earth is overdue. It would be a step toward democratic control over super-powerful corporations at an international level. Johannesburg is the right place to launch negotiations for such a Convention.
# The More Things Change...

<table>
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<tr>
<th>Rio</th>
<th>Johannesburg</th>
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<td><strong>1992</strong> UNCED Secretary-General Maurice Strong asks Stephen Schmidheiny of the corporation ABB to advise him on business views of environmental issues.</td>
<td><strong>2002</strong> UN Under-Secretary-General Nitin Desai welcomes ex-Shell Chairman Mark Moody-Stuart as head of a group of businesses to influence World Summit on Sustainable Development (WSSD).</td>
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<td><strong>1992</strong> Big business plays a big role at the Rio Earth Summit, claiming they are part of the solution to the twin crises of environment and development the Summit was designed to address.</td>
<td><strong>2002</strong> Big business is set to play an even larger role in the Johannesburg Summit, claiming they are part of the solution.</td>
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<td><strong>1992</strong> Big business lobbies successfully to avoid any serious attempt to hold them accountable at the intergovernmental level for environment and development practices.</td>
<td><strong>2002</strong> Big business expected to lobby against proposal for Framework Convention on Corporate Accountability.</td>
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<td><strong>1992</strong> NGOs criticize the ICC, WBCSD and industry influence in weakening the Earth Summit, labelling corporate environmental propaganda “greenwash.”</td>
<td><strong>2002</strong> NGOs criticize BASD, calling industry’s coziness with the UN “bluewash.”</td>
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<td><strong>1992</strong> Governments fail to confront corporate power in any meaningful way.</td>
<td><strong>2002</strong> ?</td>
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Mr. Secretary-General,

On July 20th, a number of us wrote asking you to re-assess the Global Compact and to join us in a “Citizens Compact.” We are writing again today to express our shock upon learning the identities of the corporate partners for the Global Compact and our disappointment in the Guidelines for Cooperation Between the United Nations and the Business Community.

In the July 20th letter, we expressed concern that the UN is endorsing a specific vision of corporate-led globalization that is opposed by many sectors of civil society. We also suggested that the purely voluntary nature of the Global Compact may distract from the need for a legal framework to hold corporations accountable internationally.

We wrote to you as individuals who care deeply about the United Nations and on behalf of organizations that have worked for years to strengthen and support it.

Now, after reviewing the July 17th Guidelines and the initial list of companies joining the Global Compact, we believe that the Global Compact and related partnerships threaten the mission and integrity of the United Nations. Some of the companies in the partnership are simply inappropriate for partnerships with the United Nations. . . .

[Nike, Shell, BP and Rio Tinto] are but a few of the corporate endorsers of the Global Compact whose historical and current core activities run counter to the spirit and the letter of the Compact itself. The Guidelines on Cooperation Between the United Nations and the Business Community which you issued on July 20th raise a further, related set of issues. These guidelines state that “business entities that are complicit in human rights abuses...are not eligible for partnership.” The inclusion of Shell in the Global Compact violates those guidelines.

The Guidelines also state that a “business entity may be authorized to use the name and emblem” of the United Nations. As the United Nations Development Programme has noted, when a company uses the UN logo, “a mutual image transfer inevitably takes place.” It is dismaying to contemplate such an image transfer between Nike, Shell, or Rio Tinto and the UN. The UN logo and the Nike swoosh do not belong together.

The Guidelines state that the use of the UN name may only be used when the “principal purpose is to show support for the purposes and activities of the UN.” This guideline does not take into account the modern practice of branding, by which a corporation sells its image as much as its manufactured products. Nike, one of the Global Compact partners, is a pioneer of modern branding. It is obvious that the use of the UN name and logo by corporations will be not only for short term profit but for the long term business goal of positive brand image. The UN must not become complicit in the positive branding of corporations that violate UN principles.

Given that there is no provision for monitoring a corporation’s record in abiding by UN principles, the Guidelines’ modalities for partnerships are quite susceptible to abuse. For example, a company with widespread labor or environmental violations may be able to join with the UN in a relatively minor cooperative project, and gain all the benefits of association with the UN without any responsibilities. The UN would have no way to determine whether the company, on balance, is contributing to UN goals or preventing their realization.

In short, Mr. Secretary-General, the Global Compact partnership and the Guidelines for Cooperation do not “ensure the integrity and independence” of the United Nations. They allow business entities with poor records to “bluelash” their image by wrapping themselves in the flag of the United Nations. They favor corporate-driven globalization rather than the environment, human health, local communities, workers, farmers, women and the poor.

Again, we urge you to re-assess the Global Compact and its partners. We urge you to re-evaluate your overall approach to UN-corporate partnerships. The mission and integrity of the United Nations are at stake.

Sincerely,

Members of the Alliance for a Corporate-Free UN

(*The Alliance for a Corporate-Free UN is a global network of human rights, environmental and development groups working to address undue corporate influence in the United Nations. See back cover for more information.)

For the full text of the letter and list of signators, go to www.corpwatch.org/un.
Notes


6. Georg Kell, Executive Office of the Secretary-General announced that Global Compact companies were considered “participants” rather than “partners” at a talk during a seminar, “Corporate Investments: Towards Accountable Development,” sponsored by World Economy, Ecology and Development Association (WEED) and the Heinrich Boell Foundation, Nov. 8, 2000; The Global Compact website and the A/56/323 report use the “partnership” terminology.


11. The website, www.unglobalcompact.org, previously listed the companies as partners of the UN, that list can now be found in Tangled Up In Blue, CorpWatch 2000 p. 12.


17. Personal communication with various NGOs listed as Global Compact partners by the UN, various dates.


23. For example, UNEP reported a “striking degree of consensus” supporting the Global Compact at a February 2001 workshop in Paris www.unglobalcompact.org/un/gc/unweb.nsf/content/unepprogramme.htm. Personal communications with various NGO representatives attending that workshop indicate that NGO criticism of the Compact was prominent. Also see January 22, 2000 letter from John Ruggie to Alison Linnecar of International Baby Food Action Network (IBFAN), on file with CorpWatch.

24. January 22, 2000 letter from Assistant Secretary-General John Ruggie to Alison Linnecar of IBFAN, on file with CorpWatch; various personal communications with NGO representatives.


under the text, “The ICC is using its website to publicize how the private sector is fulfilling the Compact through corporate actions.” That site was accessed in one click from the UN Global Compact website (see note 26). As of January 8, 2002, the direct link had been removed from the Global Compact homepage, but was still active from other UN pages. The ICC page, including BAT and Nestlé, remained the same.


42 ibid.


44 ibid.


47 Greenwash op cit. p.59.

48 “Profits and Principles— does there have to be a choice?” Royal Dutch/Shell Group, London, undated.

49 Shell advertisement “None of our business?” received as reprint with October 12, 2001 letter from BPRI Group, London, on file with CorpWatch.

50 “Profits and Principles — does there have to be a choice?” Royal Dutch/Shell Group, London, undated.


This report was written by Kenny Bruno, with editorial assistance from Joshua Karliner.

CorpWatch counters corporate-led globalization through education and activism. We work to foster democratic control over corporations by building grassroots globalization—a diverse movement for human rights, labor rights and environmental justice.

Our website, www.corpwatch.org, provides visitors news, analysis, action resources and research tools.

This report is available in text and PDF format on the web at:
http://www.corpwatch.org/un

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Alliance for a Corporate-Free UN

The Alliance for a Corporate-Free UN is a global network of human rights, environmental and development groups working to address undue corporate influence in the United Nations, and to support UN initiatives to hold corporations accountable on issues of human rights, labor rights and the environment. CorpWatch serves as the Alliance Secretariat.

**Platform**

The members of the Alliance believe in a United Nations which:

- holds commercial rules subservient to human rights, labor and environmental principles,
- avoids excessive and undue corporate influence,
- holds corporations accountable in a legal framework,
- maintains integrity of international social and environmental agreements,
- receives adequate funding from governments.

**Activities**

The Alliance has three main activities:

- Monitoring and exposing corporate partnerships and undue corporate influence at the UN.
- Taking action to pressure the UN to avoid such partnerships and influence.
- Promoting and supporting UN-related measures to hold corporations accountable.

**Steering Committee**

Brazilian Institute for Social and Economic Analysis (Brazil)
Corporate Europe Observatory (the Netherlands)
CorpWatch (U.S.) - Secretariat
Council on International and Public Affairs (U.S.)
Focus on the Global South (Thailand)
Institute for Policy Studies (U.S.)
International Baby Food Action Network (Switzerland/International)
International NGO Committee on Human Rights in Trade and Investment (India)
Tebtebba Foundation, Inc. (the Philippines)
Third World Institute (Uruguay)
Third World Network (Malaysia)
Women’s Environment and Development Organization (U.S.)