

Environmental Principles Training Package

Module

1

INTRODUCTION TO THE GLOBAL COMPACT

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MODULE 1: Introduction to the UNGC

OBJECTIVES

In this module, you will:

- introduce yourself to the other delegates;
- be introduced to the course objectives and methods;
- obtain an overview of the Global Compact, its origins and areas of activity;
- be introduced to the 10 Principles of the Global Compact, and
- understand the benefits of participation.

BACKGROUND READING

Kofi Annan's 1999 Speech

Secretary-General Proposes Global Compact On Human Rights, Labour, Environment, In Address To World Economic Forum In Davos

Following is the address of Secretary-General Kofi Annan to the World Economic Forum in Davos, Switzerland, on 31 January:

I am delighted to join you again at the World Economic Forum. This is my third visit in just over two years as Secretary-General of the United Nations.

On my previous visits, I told you of my hopes for a creative partnership between the United Nations and the private sector. I made the point that the everyday work of the United Nations — whether in peacekeeping, setting technical standards, protecting intellectual property or providing much-needed assistance to developing countries — helps to expand opportunities for business around the world. And I stated quite frankly that, without your know-how and your resources, many of the objectives of the United Nations would remain elusive.

Today, I am pleased to acknowledge that, in the past two years, our relationship has taken great strides. We have shown through cooperative ventures — both at the policy level and on the ground — that the goals of the United Nations and those of business can, indeed, be mutually supportive.

This year, I want to challenge you to join me in taking our relationship to a still higher level. I propose that you, the business leaders gathered in Davos, and we, the United Nations, initiate a global compact of shared values and principles, which will give a human face to the global market.

Globalization is a fact of life. But I believe we have underestimated its fragility. The problem is this. The spread of markets outpaces the ability of societies and their political systems to adjust to them, let alone to guide the course they take. History teaches us that such an imbalance between the economic, social and political realms can never be sustained for very long.

The industrialised countries learned that lesson in their bitter and costly encounter with the Great Depression. In order to restore social harmony and political stability, they adopted social safety nets and other measures, designed to limit economic volatility and compensate the victims of market failures. That consensus made possible successive moves towards liberalization, which brought about the long post-war period of expansion.

Our challenge today is to devise a similar compact on the global scale, to underpin the new global economy. If we succeed in that, we would lay the foundation for an age of global prosperity, comparable to that enjoyed by the industrialised countries in the decades after the Second World War. Specifically, I call on you — individually through your firms, and collectively through your business associations — to embrace, support and enact a set of core values in the areas of human rights, labour standards, and environmental practices.

Why those three? In the first place, because they are all areas where you, as businessmen and women, can make a real difference. Secondly, they are areas in which universal values have already been defined by international agreements, including the Universal Declaration,

the International Labour Organization's Declaration on fundamental principles and rights at work, and the Rio Declaration of the United Nations Conference on Environment and Development in 1992. Finally, I choose these three areas because they are ones where I fear that, if we do not act, there may be a threat to the open global market, and especially to the multilateral trade regime.

There is enormous pressure from various interest groups to load the trade regime and investment agreements with restrictions aimed at preserving standards in the three areas I have just mentioned. These are legitimate concerns. But restrictions on trade and investment are not the right means to use when tackling them. Instead, we should find a way to achieve our proclaimed standards by other means. And that is precisely what the compact I am proposing to you is meant to do.

Essentially there are two ways we can do it. One is through the international policy arena. You can encourage States to give us, the multilateral institutions of which they are all members, the resources and the authority we need to do our job.

The United Nations as a whole promotes peace and development, which are prerequisites for successfully meeting social and environmental goals alike. And the International Labour Organization, the United Nations High Commissioner for Human Rights and the United Nations Environment Programme strive to improve labour conditions, human rights and environmental quality. We hope, in the future, to count you as our allies in these endeavours.

The second way you can promote these values is by taking them directly, by taking action in your own corporate sphere. Many of you are big investors, employers and producers in dozens of different countries across the world. That power brings with it great opportunities — and great responsibilities.

You can uphold human rights and decent labour and environmental standards directly, by your own conduct of your own business.

Indeed, you can use these universal values as the cement binding together your global corporations, since they are values people all over the world will recognise as their own. You can make sure that in your own corporate practices you uphold and respect human rights; and that you are not yourselves complicit in human rights abuses.

Don't wait for every country to introduce laws protecting freedom of association and the right to collective bargaining. You can at least make sure your own employees, and those of your subcontractors, enjoy those rights. You can at least make sure that you yourselves are not employing under-age children or forced labour, either directly or indirectly. And you can make sure that, in your own hiring and firing policies, you do not discriminate on grounds of race, creed, gender or ethnic origin.

You can also support a precautionary approach to environmental challenges. You can undertake initiatives to promote greater environmental responsibility. And you can encourage the development and diffusion of environmentally friendly technologies.

That, ladies and gentlemen, is what I am asking of you. But what, you may be asking yourselves, am I offering in exchange? Indeed, I believe the United Nations system does have something to offer.

The United Nations agencies — the United Nations High Commissioner for Human Rights, the International Labour Organization (ILO), the United Nations Environment Programme

(UNEP) — all stand ready to assist you, if you need help, in incorporating these agreed values and principles into your mission statements and corporate practices. And we are ready to facilitate a dialogue between you and other social groups, to help find viable solutions to the genuine concerns that they have raised.

You may find it useful to interact with us through our newly created website, www.un.org/partners, which offers a “one-stop shop” for corporations interested in the United Nations. More important, perhaps, is what we can do in the political arena, to help make the case for and maintain an environment which favours trade and open markets.

I believe what I am proposing to you is a genuine compact, because neither side of it can succeed without the other. Without your active commitment and support, there is a danger that universal values will remain little more than fine words — documents whose anniversaries we can celebrate and make speeches about, but with limited impact on the lives of ordinary people. And unless those values are really seen to be taking hold, I fear we may find it increasingly difficult to make a persuasive case for the open global market.

National markets are held together by shared values. In the face of economic transition and insecurity, people know that if the worst comes to the worst, they can rely on the expectation that certain minimum standards will prevail. But in the global market, people do not yet have that confidence. Until they do have it, the global economy will be fragile and vulnerable — vulnerable to backlash from all the “isms” of our post-cold-war world: protectionism; populism; nationalism; ethnic chauvinism; fanaticism; and terrorism.

What all those “isms” have in common is that they exploit the insecurity and misery of people who feel threatened or victimised by the global market. The more wretched and insecure people there are, the more those “isms” will continue to gain ground. What we have to do is find a way of embedding the global market in a network of shared values. I hope I have suggested some practical ways for us to set about doing just that.

Let us remember that the global markets and multilateral trading system we have today did not come about by accident. They are the result of enlightened policy choices made by governments since 1945. If we want to maintain them in the new century, all of us — governments, corporations, non- governmental organizations, international organizations — have to make the right choices now.

We have to choose between a global market driven only by calculations of short-term profit, and one which has a human face. Between a world which condemns a quarter of the human race to starvation and squalor, and one which offers everyone at least a chance of prosperity, in a healthy environment. Between a selfish free-for-all in which we ignore the fate of the losers, and a future in which the strong and successful accept their responsibilities, showing global vision and leadership.

I am sure you will make the right choice.

RIO DECLARATION ON ENVIRONMENT AND DEVELOPMENT (1992)

The United Nations Conference on Environment and Development,

Having met at Rio de Janeiro from 3 to 14 June 1992,

Reaffirming the Declaration of the United Nations Conference on the Human Environment, adopted at Stockholm on 16 June 1972, and seeking to build upon it,

With the goal of establishing a new and equitable global partnership through the creation of new levels of cooperation among States, key sectors of societies and people,

Working towards international agreements which respect the interests of all and protect the integrity of the global environmental and developmental system,

Recognizing the integral and interdependent nature of the Earth, our home,

Proclaims that:

Principle 1 *Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.*

Principle 2 *States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction.*

Principle 3 *The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.*

Principle 4 *In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.*

Principle 5 *All States and all people shall cooperate in the essential task of eradicating poverty as an indispensable requirement for sustainable development, in order to decrease the disparities in standards of living and better meet the needs of the majority of the people of the world.*

Principle 6 *The special situation and needs of developing countries, particularly the least developed and those most environmentally vulnerable, shall be given priority. International actions in the field of environment and development should also address the interests and needs of all countries.*

Principle 7 *States shall cooperate in a spirit of global partnership to conserve, protect and restore the health and integrity of the Earth's ecosystem. In view of the different contributions to global environmental degradation, States have common but differentiated responsibilities. The developed countries acknowledge the responsibility that they bear in the international pursuit to sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command.*

Principle 8 *To achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies.*

Principle 9 States should cooperate to strengthen endogenous capacity-building for sustainable development by improving scientific understanding through exchanges of scientific and technological knowledge, and by enhancing the development, adaptation, diffusion and transfer of technologies, including new and innovative technologies.

Principle 10 Environmental issues are best handled with participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided.

Principle 11 States shall enact effective environmental legislation. Environmental standards, management objectives and priorities should reflect the environmental and development context to which they apply. Standards applied by some countries may be inappropriate and of unwarranted economic and social cost to other countries, in particular developing countries.

Principle 12 States should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation. Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing transboundary or global environmental problems should, as far as possible, be based on an international consensus.

Principle 13 States shall develop national law regarding liability and compensation for the victims of pollution and other environmental damage. States shall also cooperate in an expeditious and more determined manner to develop further international law regarding liability and compensation for adverse effects of environmental damage caused by activities within their jurisdiction or control to areas beyond their jurisdiction.

Principle 14 States should effectively cooperate to discourage or prevent the relocation and transfer to other States of any activities and substances that cause severe environmental degradation or are found to be harmful to human health.

Principle 15 In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

Principle 16 National authorities should endeavour to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with due regard to the public interest and without distorting international trade and investment.

Principle 17 Environmental impact assessment, as a national instrument, shall be undertaken for proposed activities that are likely to have a significant adverse impact on the environment and are subject to a decision of a competent national authority.

Principle 18 States shall immediately notify other States of any natural disasters or other emergencies that are likely to produce sudden harmful effects on the environment of those States. Every effort shall be made by the international community to help States so afflicted.

Principle 19 States shall provide prior and timely notification and relevant information to potentially affected States on activities that may have a significant adverse transboundary environmental effect and shall consult with those States at an early stage and in good faith.

Principle 20 Women have a vital role in environmental management and development. Their full participation is therefore essential to achieve sustainable development.

Principle 21 The creativity, ideals and courage of the youth of the world should be mobilised to forge a global partnership in order to achieve sustainable development and ensure a better future for all.

Principle 22 Indigenous people and their communities and other local communities have a vital role in environmental management and development because of their knowledge and traditional practices. States should recognise and duly support their identity, culture and interests and enable their effective participation in the achievement of sustainable development.

Principle 23 The environment and natural resources of people under oppression, domination and occupation shall be protected.

Principle 24 Warfare is inherently destructive of sustainable development. States shall therefore respect international law providing protection for the environment in times of armed conflict and cooperate in its further development, as necessary.

Principle 25 Peace, development and environmental protection are interdependent and indivisible.

Principle 26 States shall resolve all their environmental disputes peacefully and by appropriate means in accordance with the Charter of the United Nations.

Principle 27 States and people shall cooperate in good faith and in a spirit of partnership in the fulfilment of the principles embodied in this Declaration and in the further development of international law in the field of sustainable development.

JOHANNESBURG DECLARATION ON SUSTAINABLE DEVELOPMENT (2002)

From our origins to the future

1. *We, the representatives of the peoples of the world, assembled at the World Summit on Sustainable Development in Johannesburg, South Africa, from 2 to 4 September 2002, reaffirm our commitment to sustainable development.*
2. *We commit ourselves to building a humane, equitable and caring global society, cognizant of the need for human dignity for all.*
3. *At the beginning of this Summit, the children of the world spoke to us in a simple yet clear voice that the future belongs to them, and accordingly challenged all of us to ensure that through our actions they will inherit a world free of the indignity and indecency occasioned by poverty, environmental degradation and patterns of unsustainable development.*
4. *As part of our response to these children, who represent our collective future, all of us, coming from every corner of the world, informed by different life experiences, are united and moved by a deeply felt sense that we urgently need to create a new and brighter world of hope.*
5. *Accordingly, we assume a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development — economic development, social development and environmental protection — at the local, national, regional and global levels.*
6. *From this continent, the cradle of humanity, we declare, through the Plan of Implementation of the World Summit on Sustainable Development and the present Declaration, our responsibility to one another, to the greater community of life and to our children.*
7. *Recognizing that humankind is at a crossroads, we have united in a common resolve to make a determined effort to respond positively to the need to produce a practical and visible plan to bring about poverty eradication and human development.*

From Stockholm to Rio de Janeiro to Johannesburg

8. *Thirty years ago, in Stockholm, we agreed on the urgent need to respond to the problem of environmental deterioration. Ten years ago, at the United Nations Conference on Environment and Development, held in Rio de Janeiro, we agreed that the protection of the environment and social and economic development are fundamental to sustainable development, based on the Rio Principles. To achieve such development, we adopted the global programme entitled Agenda 21 and the Rio Declaration on Environment and Development,³ to which we reaffirm our commitment. The Rio Conference was a significant milestone that set a new agenda for sustainable development.*
9. *Between Rio and Johannesburg, the world's nations have met in several major conferences under the auspices of the United Nations, including the International Conference on Financing for Development, as well as the Doha Ministerial Conference. These conferences defined for the world a comprehensive vision for the future of humanity.*
10. *At the Johannesburg Summit, we have achieved much in bringing together a rich tapestry of peoples and views in a constructive search for a common path towards a*

world that respects and implements the vision of sustainable development. The Johannesburg Summit has also confirmed that significant progress has been made towards achieving a global consensus and partnership among all the people of our planet.

The challenges we face

11. *We recognise that poverty eradication, changing consumption and production patterns and protecting and managing the natural resource base for economic and social development are overarching objectives of and essential requirements for sustainable development.*
12. *The deep fault line that divides human society between the rich and the poor and the ever-increasing gap between the developed and developing worlds pose a major threat to global prosperity, security and stability.*
13. *The global environment continues to suffer. Loss of biodiversity continues, fish stocks continue to be depleted, desertification claims more and more fertile land, the adverse effects of climate change are already evident, natural disasters are more frequent and more devastating, and developing countries more vulnerable, and air, water and marine pollution continue to rob millions of a decent life.*
14. *Globalization has added a new dimension to these challenges. The rapid integration of markets, mobility of capital and significant increases in investment flows around the world have opened new challenges and opportunities for the pursuit of sustainable development. But the benefits and costs of globalization are unevenly distributed, with developing countries facing special difficulties in meeting this challenge.*
15. *We risk the entrenchment of these global disparities and unless we act in a manner that fundamentally changes their lives the poor of the world may lose confidence in their representatives and the democratic systems to which we remain committed, seeing their representatives as nothing more than sounding brass or tinkling cymbals.*

Our commitment to sustainable development

16. *We are determined to ensure that our rich diversity, which is our collective strength, will be used for constructive partnership for change and for the achievement of the common goal of sustainable development.*
17. *Recognizing the importance of building human solidarity, we urge the promotion of dialogue and cooperation among the world's civilizations and peoples, irrespective of race, disabilities, religion, language, culture or tradition.*
18. *We welcome the focus of the Johannesburg Summit on the indivisibility of human dignity and are resolved, through decisions on targets, timetables and partnerships, to speedily increase access to such basic requirements as clean water, sanitation, adequate shelter, energy, health care, food security and the protection of biodiversity. At the same time, we will work together to help one another gain access to financial resources, benefit from the opening of markets, ensure capacity-building, use modern technology to bring about development and make sure that there is technology transfer, human resource development, education and training to banish underdevelopment forever.*
19. *We reaffirm our pledge to place particular focus on, and give priority attention to, the fight against the worldwide conditions that pose severe threats to the sustainable*

development of our people, which include: chronic hunger; malnutrition; foreign occupation; armed conflict; illicit drug problems; organised crime; corruption; natural disasters; illicit arms trafficking; trafficking in persons; terrorism; intolerance and incitement to racial, ethnic, religious and other hatreds; xenophobia; and endemic, communicable and chronic diseases, in particular HIV/AIDS, malaria and tuberculosis.

20. *We are committed to ensuring that women's empowerment, emancipation and gender equality are integrated in all the activities encompassed within Agenda 21, the Millennium development goals and the Plan of Implementation of the Summit.*
21. *We recognise the reality that global society has the means and is endowed with the resources to address the challenges of poverty eradication and sustainable development confronting all humanity. Together, we will take extra steps to ensure that these available resources are used to the benefit of humanity.*
22. *In this regard, to contribute to the achievement of our development goals and targets, we urge developed countries that have not done so to make concrete efforts reach the internationally agreed levels of official development assistance.*
23. *We welcome and support the emergence of stronger regional groupings and alliances, such as the New Partnership for Africa's Development, to promote regional cooperation, improved international cooperation and sustainable development.*
24. *We shall continue to pay special attention to the developmental needs of small island developing States and the least developed countries.*
25. *We reaffirm the vital role of the indigenous peoples in sustainable development.*
26. *We recognise that sustainable development requires a long-term perspective and broad-based participation in policy formulation, decision-making and implementation at all levels. As social partners, we will continue to work for stable partnerships with all major groups, respecting the independent, important roles of each of them.*
27. *We agree that in pursuit of its legitimate activities the private sector, including both large and small companies, has a duty to contribute to the evolution of equitable and sustainable communities and societies.*
28. *We also agree to provide assistance to increase income-generating employment opportunities, taking into account the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization.*
29. *We agree that there is a need for private sector corporations to enforce corporate accountability, which should take place within a transparent and stable regulatory environment.*
30. *We undertake to strengthen and improve governance at all levels for the effective implementation of Agenda 21, the Millennium Development Goals and the Plan of Implementation of the Summit.*

Multilateralism is the future

31. *To achieve our goals of sustainable development, we need more effective, democratic and accountable international and multilateral institutions.*
32. *We reaffirm our commitment to the principles and purposes of the Charter of the United Nations and international law, as well as to the strengthening of multilateralism. We*

support the leadership role of the United Nations as the most universal and representative organization in the world, which is best placed to promote sustainable development.

33. *We further commit ourselves to monitor progress at regular intervals towards the achievement of our sustainable development goals and objectives.*

Making it happen!

34. *We are in agreement that this must be an inclusive process, involving all the major groups and Governments that participated in the historic Johannesburg Summit.*
35. *We commit ourselves to act together, united by a common determination to save our planet, promote human development and achieve universal prosperity and peace.*
36. *We commit ourselves to the Plan of Implementation of the World Summit on Sustainable Development and to expediting the achievement of the time-bound, socio-economic and environmental targets contained therein.*
37. *From the African continent, the cradle of humankind, we solemnly pledge to the peoples of the world and the generations that will surely inherit this Earth that we are determined to ensure that our collective hope for sustainable development is realised.*

THE STOCKHOLM DECLARATION (1972)

Declaration of the United Nations Conference on the Human Environment

The United Nations Conference on the Human Environment, having met at Stockholm from 5 to 16 June 1972, having considered the need for a common outlook and for common principles to inspire and guide the peoples of the world in the preservation and enhancement of the human environment,

Proclaims that:

1. *Man is both creature and moulder of his environment, which gives him physical sustenance and affords him the opportunity for intellectual, moral, social and spiritual growth. In the long and tortuous evolution of the human race on this planet a stage has been reached when, through the rapid acceleration of science and technology, man has acquired the power to transform his environment in countless ways and on an unprecedented scale. Both aspects of man's environment, the natural and the man-made, are essential to his well-being and to the enjoyment of basic human rights the right to life itself.*
2. *The protection and improvement of the human environment is a major issue which affects the well-being of peoples and economic development throughout the world; it is the urgent desire of the peoples of the whole world and the duty of all Governments.*
3. *Man has constantly to sum up experience and go on discovering, inventing, creating and advancing. In our time, man's capability to transform his surroundings, if used wisely, can bring to all peoples the benefits of development and the opportunity to enhance the quality of life. Wrongly or heedlessly applied, the same power can do incalculable harm to human beings and the human environment. We see around us growing evidence of man-made harm in many regions of the earth: dangerous levels of pollution in water, air, earth and living beings; major and undesirable disturbances to the ecological balance of the biosphere; destruction and depletion of irreplaceable resources; and gross deficiencies, harmful to the physical, mental and social health of man, in the man-made environment, particularly in the living and working environment.*
4. *In the developing countries most of the environmental problems are caused by under-development. Millions continue to live far below the minimum levels required for a decent human existence, deprived of adequate food and clothing, shelter and education, health and sanitation. Therefore, the developing countries must direct their efforts to development, bearing in mind their priorities and the need to safeguard and improve the environment. For the same purpose, the industrialised countries should make efforts to reduce the gap themselves and the developing countries. In the industrialised countries, environmental problems are generally related to industrialization and technological development.*
5. *The natural growth of population continuously presents problems for the preservation of the environment, and adequate policies and measures should be adopted, as appropriate, to face these problems. Of all things in the world, people are the most precious. It is the people that propel social progress, create social wealth, develop science and technology and, through their hard work, continuously transform the human environment. Along with social progress and the advance of production, science and technology, the capability of man to improve the environment increases with each passing day.*

- 6 *A point has been reached in history when we must shape our actions throughout the world with a more prudent care for their environmental consequences. Through ignorance or indifference we can do massive and irreversible harm to the earthly environment on which our life and well being depend. Conversely, through fuller knowledge and wiser action, we can achieve for ourselves and our posterity a better life in an environment more in keeping with human needs and hopes. There are broad vistas for the enhancement of environmental quality and the creation of a good life. What is needed is an enthusiastic but calm state of mind and intense but orderly work. For the purpose of attaining freedom in the world of nature, man must use knowledge to build, in collaboration with nature, a better environment. To defend and improve the human environment for present and future generations has become an imperative goal for mankind—a goal to be pursued together with, and in harmony with, the established and fundamental goals of peace and of worldwide economic and social development.*
7. *To achieve this environmental goal will demand the acceptance of responsibility by citizens and communities and by enterprises and institutions at every level, all sharing equitably in common efforts. Individuals in all walks of life as well as organizations in many fields, by their values and the sum of their actions, will shape the world environment of the future.*

Local and national governments will bear the greatest burden for large-scale environmental policy and action within their jurisdictions. International cooperation is also needed in order to raise resources to support the developing countries in carrying out their responsibilities in this field. A growing class of environmental problems, because they are regional or global in extent or because they affect the common international realm, will require extensive cooperation among nations and action by international organizations in the common interest.

The Conference calls upon Governments and peoples to exert common efforts for the preservation and improvement of the human environment, for the benefit of all the people and for their posterity.

Principles

States the common conviction that:

Principle 1 *Man has the fundamental right to freedom, equality and adequate conditions of life, in an environment of a quality that permits a life of dignity and well-being, and he bears a solemn responsibility to protect and improve the environment for present and future generations. In this respect, policies promoting or perpetuating apartheid, racial segregation, discrimination, colonial and other forms of oppression and foreign domination stand condemned and must be eliminated.*

Principle 2 *The natural resources of the earth, including the air, water, land, flora and fauna and especially representative samples of natural ecosystems, must be safeguarded for the benefit of present and future generations through careful planning or management, as appropriate.*

Principle 3 *The capacity of the earth to produce vital renewable resources must be maintained and, wherever practicable, restored or improved.*

Principle 4 *Man has a special responsibility to safeguard and wisely manage the heritage of wildlife and its habitat, which are now gravely imperilled by a combination of adverse*

factors. Nature conservation, including wildlife, must therefore receive importance in planning for economic development.

Principle 5 *The non-renewable resources of the earth must be employed in such a way as to guard against the danger of their future exhaustion and to ensure that benefits from such employment are shared by all mankind.*

Principle 6 *The discharge of toxic substances or of other substances and the release of heat, in such quantities or concentrations as to exceed the capacity of the environment to render them harmless, must be halted in order to ensure that serious or irreversible damage is not inflicted upon ecosystems. The just struggle of the peoples of ill countries against pollution should be supported.*

Principle 7 *States shall take all possible steps to prevent pollution of the seas by substances that are liable to create hazards to human health, to harm living resources and marine life, to damage amenities or to interfere with other legitimate uses of the sea.*

Principle 8 *Economic and social development is essential for ensuring a favorable living and working environment for man and for creating conditions on earth that are necessary for the improvement of the quality of life.*

Principle 9 *Environmental deficiencies generated by the conditions of under-development and natural disasters pose grave problems and can best be remedied by accelerated development through the transfer of substantial quantities of financial and technological assistance as a supplement to the domestic effort of the developing countries and such timely assistance as may be required.*

Principle 10 *For the developing countries, stability of prices and adequate earnings for primary commodities and raw materials are essential to environmental management, since economic factors as well as ecological processes must be taken into account.*

Principle 11 *The environmental policies of all States should enhance and not adversely affect the present or future development potential of developing countries, nor should they hamper the attainment of better living conditions for all, and appropriate steps should be taken by States and international organizations with a view to reaching agreement on meeting the possible national and international economic consequences resulting from the application of environmental measures.*

Principle 12 *Resources should be made available to preserve and improve the environment, taking into account the circumstances and particular requirements of developing countries and any costs which may emanate- from their incorporating environmental safeguards into their development planning and the need for making available to them, upon their request, additional international technical and financial assistance for this purpose.*

Principle 13 *In order to achieve a more rational management of resources and thus to improve the environment, States should adopt an integrated and coordinated approach to their development planning so as to ensure that development is compatible with the need to protect and improve environment for the benefit of their population.*

Principle 14 *Rational planning constitutes an essential tool for reconciling any conflict between the needs of development and the need to protect and improve the environment.*

Principle 15 *Planning must be applied to human settlements and urbanization with a view to avoiding adverse effects on the environment and obtaining maximum social, economic*

and environmental benefits for all. In this respect projects which are designed for colonialist and racist domination must be abandoned.

Principle 16 Demographic policies which are without prejudice to basic human rights and which are deemed appropriate by Governments concerned should be applied in those regions where the rate of population growth or excessive population concentrations are likely to have adverse effects on the environment of the human environment and impede development.

Principle 17 Appropriate national institutions must be entrusted with the task of planning, managing or controlling the 9 environmental resources of States with a view to enhancing environmental quality.

Principle 18 Science and technology, as part of their contribution to economic and social development, must be applied to the identification, avoidance and control of environmental risks and the solution of environmental problems and for the common good of mankind.

Principle 19 Education in environmental matters, for the younger generation as well as adults, giving due consideration to the underprivileged, is essential in order to broaden the basis for an enlightened opinion and responsible conduct by individuals, enterprises and communities in protecting and improving the environment in its full human dimension. It is also essential that mass media of communications avoid contributing to the deterioration of the environment, but, on the contrary, disseminates information of an educational nature on the need to protect and improve the environment in order to enable man to develop in every respect.

Principle 20 Scientific research and development in the context of environmental problems, both national and multinational, must be promoted in all countries, especially the developing countries. In this connection, the free flow of up-to-date scientific information and transfer of experience must be supported and assisted, to facilitate the solution of environmental problems; environmental technologies should be made available to developing countries on terms which would encourage their wide dissemination without constituting an economic burden on the developing countries.

Principle 21 States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction.

Principle 22 States shall cooperate to develop further the international law regarding liability and compensation for the victims of pollution and other environmental damage caused by activities within the jurisdiction or control of such States to areas beyond their jurisdiction.

Principle 23 Without prejudice to such criteria as may be agreed upon by the international community, or to standards which will have to be determined nationally, it will be essential in all cases to consider the systems of values prevailing in each country, and the extent of the applicability of standards which are valid for the most advanced countries but which may be inappropriate and of unwarranted social cost for the developing countries.

Principle 24 International matters concerning the protection and improvement of the environment should be handled in a cooperative spirit by all countries, big and small, on an equal footing. Cooperation through multilateral or bilateral arrangements or other

appropriate means is essential to effectively control, prevent, reduce and eliminate adverse environmental effects resulting from activities conducted in all spheres, in such a way that due account is taken of the sovereignty and interests of all States.

Principle 25 *States shall ensure that international organizations play a coordinated, efficient and dynamic role for the protection and improvement of the environment.*

Principle 26 *Man and his environment must be spared the effects of nuclear weapons and all other means of mass destruction. States must strive to reach prompt agreement, in the relevant international organs, on the elimination and complete destruction of such weapons.*

EXERCISES

Exercise 1-1 – Critically reviewing the UNGC

Read the three extracts (below), and then do the following exercises:

- In groups, draw up a table with two columns, one with the Global Compact proponents' arguments, the other with its critics' arguments. Discuss these, and if possible try to distil them into a few key words.
- Each group will present their respective tables, and the class will come up with a definitive set of arguments for and against.
- The class will be split in half, with one half role-playing as Global Compact proponents and the other as its critics. Participate in a debate with the following title: *"The Global Compact: An excuse for business-as-usual or the basis for shared responsibility?"*

When doing the readings, consider the following issues:

- The extent to which the Global Compact can be distinguished from other international initiatives (such as ISO 14001), and what added-value the Compact brings in comparison to these other initiatives.
- Consider who actually drives the initiative? Is it the UN, big business, multi-stakeholders or individuals? What is their motivation for doing so?
- Critically review the issue of quality control, the entry and exit rules, the monitoring and follow-up activities, and annual communications and reporting.
- Consider integrity and trust issues: will the Compact inspire real change, or can it be used as a basis for simple window dressing?
- Is the implementation of the principles realistic? How can its implementation be enhanced? Consider such issues as management tools, the extent of internal capacity, and flexibility / relevance to local needs.

Extract 1 – The Global Compact: Why All the Fuss?

The two largest global development gatherings of 2002 – the World Social Forum in Porto Alegre, Brazil and the World Summit on Sustainable Development in Johannesburg, South Africa – focused considerable attention on the issue of public-private partnerships, in particular United Nations business partnerships. The most high profile of these is the Global Compact, formally launched in July 2000, which aims to enlist the support of 1,000 companies over a three-year period. Delegates are expected to publicly commit themselves to nine principles associated with environmental protection, labour standards and human rights, and to publicise, on the Global Compact web site, “good practice” examples that demonstrate compliance with these principles.

Opinions on the Global Compact are fairly polarised. Proponents generally see the initiative as an innovative and pragmatic approach that can reform corporate culture by instilling new values and mobilise the resources of big business for social and sustainable development. It is regarded as an exemplary form of “good governance”, where cooperation and voluntary approaches win out over conflict and heavy-handed regulation. It is also intended to promote “social” or “organizational learning”, where business and other stakeholders learn through multi-stakeholder dialogue, analysis and networking.

Critics of the initiative are concerned that it may be doing more to enhance the reputation of big business than aiding the environment and people in need. They are worried that companies with a reputation for malpractice have been welcomed into the Global Compact, and that the conditions imposed on business to comply with the principles are very weak. Companies can pick and choose among the ten principles they want to address and there is no monitoring of compliance. The focus on best practices diverts attention from malpractice, “greenwash” and structural and other factors that encourage corporate irresponsibility or a “business-as-usual” attitude.

Some supporters and critics overemphasise the advantages and disadvantages of the Global Compact. Those who see it as a major institutional development should remember that there are 65,000 transnational corporations (TNCs) worldwide, of which only a few will participate in this initiative and, once engaged, they have to do relatively little to comply. Furthermore, an increasing number of northern TNCs are already adopting socially responsible initiatives and are unlikely to significantly strengthen or scale up their efforts as a result of the Global Compact.

Some critics underestimate the importance of using the UN infrastructure to create spaces, where social, environmental and human rights issues can come to the fore of the international development agenda. This is particularly important in the contemporary era of neo-liberalism and free-market dogmatism that has relegated social and environmental issues to secondary status. In developing countries, in particular, the Global Compact can play a role in raising the awareness of business leaders on issues of corporate social responsibility. Furthermore, such initiatives may play a role in reinvigorating certain aspects of international “soft law,” in particular the International Labour Organization (ILO) Core Conventions and the Universal Declaration of Human Rights. In the case of the latter, the Global Compact reaffirms the fact that the Declaration applies not only to Governments but also to corporations. The Compact also resurrects the “precautionary principle” agreed upon at the Earth Summit in 1992. This is important at a time when unproven genetically modified organism (GMO) technology is transforming agriculture and affecting food aid and consumption. It is also useful for the United Nations to centralise within one office the information and an analysis of initiatives taken by corporations to improve their performance.

Peter Utting, UN Chronicle No. 1, 2003

Extract 2**Major US companies doubt Global Compact credentials**

Four years ago, Kofi Annan, secretary-general of the United Nations (UN), addressing the Davos World Economic Forum in January 1999, challenged business leaders to join a “global compact of shared values and principles” and give globalisation a human face.

Annan argued that shared values provided a stable environment for a world market and that without these explicit values, business could expect backlashes from protectionism, populism, fanaticism and terrorism.

Following the Davos meeting, Annan and a group of business leaders formulated nine principles, which have come to be known as the UN Global Compact. By enlisting business to voluntarily follow these nine principles, which concern human rights, labour and the environment, the hope is that a more humane world can be fashioned. The intention of the compact is to increase and diffuse the benefits of global economic development through voluntary corporate policies and actions. If successful, it will help guide a new and emerging role for business in society.

But while to date more than 200 of the largest multinational companies have joined the compact, there is a serious problem in that very few major US companies have signed up.

In fact, only five of the major US multinationals had joined the global compact as of March this year: (Cisco Systems; Dupont; Hewlett-Packard; Nike and Pfizer).

At a conference on the Global Compact staged at the University of Notre Dame in April last year, two issues emerged which shed light on the reluctance of US multinationals to endorse the Compact.

The first of these was accountability. In an environment of increasing scepticism, the legitimacy of the Global Compact is in question without a traditional accountability structure or monitoring system in place. Companies participating may become targets of nongovernmental organisations and those critical of the World Trade Organisation and other developments in the global economy.

Given this environment in the US, multinationals are asking whether signing the compact may be more trouble than it is worth.

It is true that, at present, the Global Compact lacks adequate accountability structures and the lack of an independent monitoring provision is a frequent criticism.

Given the structure of the compact, it is quite possible for a company with a poor record in labour or the environment to highlight another area of corporate citizenship in its annual report where its record is superlative. The general public will only receive the information about a company that the company chooses to report.

As a result, critics continue to call for some performance standards and verification procedures. Compact officials respond that this criticism misses the point, saying that “the Global Compact is not designed as a code of conduct. Rather it is a means to serve as a (frame) of reference to stimulate best practices and to bring about convergence around universally shared values.”

It is a vehicle to gain consensus on the moral purpose of business.

The danger is that while the Compact is a noble endeavour, unless the participating companies are involved in some sort of independent monitoring and verification system, corporate critics, even those who are in the moderate camp, may never acknowledge its legitimacy.

Perhaps the best hope for transparency and accountability standards lacking in the Compact is the reporting mechanisms being developed by the Global Reporting Initiative (GRI).

Sometimes called the triple bottom line (economic, environmental and social), or sustainability reporting, the attempt to disclose and measure the full impact of a business is the project of the GRI.

At present, the compact encourages signatory companies to participate in the GRI, but does not require it. (A good discussion of the triple bottom line and sustainability reporting is found in the King Report on Corporate Governance for SA : 2002).

Thus, while the Global Compact has no standard reporting provision and independent monitoring feature at this time, it incorporates a process open to incremental change that will likely lead to an appropriation of these dimensions. Its inter-organisational, public policy network and its focus on local networks give the compact the capacity to adapt as necessary. It will likely be increasingly clear that either the GRI or something similar to it is a necessary complement to the compact. US companies would be well advised to join this endeavour and help shape its future.

The other major issue troubling US companies is the issue of human rights. While the companies are in broad agreement with the human rights principles of the Global Compact, there is some apprehension

that joining the compact could lead to societal expectations that companies routinely have the obligation of correcting rights abuses. In the US context, where litigiousness is a fact of life, companies fear the compact may be considered a contract by some stakeholders. The companies want to know what their obligations are under the compact and where and how the line is drawn on obligations in the area of human rights.

Here too their misgivings may be assuaged. Scholars argue that while the right to, for example, medicines and care is a moral right, it is not a right that must be met by multinational corporations. The obligations of corporations are best shaped by an informed public and there is much in the ethical literature to assist in that education. The general consensus is that to overburden business with major new roles in society is to run the risk of killing the geese that are laying the golden eggs.

This is not to say that corporations should not be subject to criticism and pressure when it is deserved, but correcting rights abuses should not be a required role for a for-profit organisation. Although, as the stakeholder model makes clear, the responsibilities of a corporation go beyond maximising return on investment and often companies may be able to provide for essential rights, these new responsibilities should be informed by the economic mission of business. For example, going beyond the traditional model of the role of business in society, some large companies in South Africa (AngloGold; De Beers; Heineken; Coca-Cola; Daimler Chrysler and Anglo American) recently decided to provide antiretrovirals to their workers and some family members. Again, US companies, as well as those throughout the world, would be better off joining the global compact so as to contribute to the shaping of these new expectations of business in society.

The global compact of today is a far cry from a force that might shape significant changes in the moral values of the global community.

The authors of the compact envision it as an incremental process of learning and improvement rooted in local networks sharing the same universal values that is now only at the starting gate.

Not unlike the Rev Leon Sullivan's famous Sullivan Principles which helped convince General Motors and 11 other major corporations to pull out of South Africa until apartheid ended the initial programmes are only the seeds of the many flowers to bloom in the future. And it is precisely this challenge of fostering the growth of humane values in the global society, a challenge heretofore managed by nation states for their own domestic situation, that marks the unique mission of the Global Compact.

Oliver Williams, Business Day 1st Edition, 2003

Extract 3**Corporations and the UN: Nike and others “bluewash” their images**

The last few years have witnessed the increasing blurring of corporate and governmental roles in the international sphere – none more worrisome, perhaps, than the United Nations cozying up to big business. With a surge in private-public partnerships among various U.N. agencies, U.N. Secretary General Kofi Annan is leading the international organization into ever more intrusive and entangling ties between the U.N. and multinational corporations.

One recent misstep is the U.N.'s “Global Compact.” With the disappointing support of some international human rights and environmental organizations, the U.N. has asked multinational corporations to sign on to the compact's unenforceable and overly vague code of conduct. Companies are able to sign on to the compact and “bluewash” themselves, as critics at the Transnational Research and Action Center in San Francisco have labelled the effort by image-impaired corporations to repair public perceptions by hooking up with the U.N. in a report, *Tangled Up In Blue*.

“The U.N. must not become complicit in the positive branding of corporations that violate U.N. principles,” warned a coalition of sustainable development activists organised by TRAC, in a July letter to Annan. “Given that there is no provision for monitoring a corporation's record in abiding by U.N. principles, the Guidelines’ [the Guidelines on Cooperation Between the United Nations and the Business Community, issued to clarify which companies are eligible for U.N. partnerships] 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 U.N. in a relatively minor cooperative project, and gain all the benefits of association with the U.N. without any responsibilities. The U.N. would have no way to determine whether the company, on balance, is contributing to U.N. goals or preventing their realization.”

This kind of bluewashing is already taking place. Among the early supporters of the compact are Nike, Shell, and Rio Tinto. Nike has employed sweatshop workers in Asia and elsewhere to produce its overpriced athletic wear. Shell has been targeted by activists for its ties to the Nigerian government, which has a dismal human rights history. Rio Tinto, one of the world's largest mining companies, has been associated with environmental and human rights disasters around the world. These are three of the last companies you would expect to see on a list of responsible businesses.

Just as troublesome, Kofi Annan has framed the compact in the context of acceptance and promotion of corporate globalization – a kind of plea to business leaders to recognise their own self-interest in restraining some of their worst abuses.

In exchange for corporations' signing on to the Global Compact, he said when first announcing the initiative, the U.N. would seek both to make it easy for companies to enter into partnerships with U.N. agencies and to advocate for speeding up corporate globalization. “You may find it useful to interact with us through our newly created Web site, www.un.org/partners, which offers one-stop shopping for corporations interested in the United Nations,” Koffi Annan told business leaders gathered in January 1999 at the Davos World Economic Forum. “More important, perhaps, is what we can do in the political arena, to help make the case for and maintain an environment which favors trade and open markets.” The promise of the United Nations, if only sometimes realised, is to serve as an intergovernmental body to advance justice, human rights, and sustainable development worldwide. Not long ago the U.N.'s Center on Transnational Corporations collected critical data on multinationals and published incisive critiques of growing corporate power. That growing power eventually was sufficient to force the closure of the Center on Transnational Corporations, thanks to the demands of the United States. Now, with the U.N. permitting itself to become perverted with corporate sponsorships, partnerships, and other entanglements, it risks veering down the road of commercialization and marginalization. An effective United Nations must be free of corporate encumbrances. Its agencies should be the leading critics of the many ways that corporate globalization is functioning to undermine the U.N. missions to advance ecological sustainability, human rights, and global economic justice – not apologists and collaborators with the dominant corporate order.

Ralph Alder, September 8, 1999, *San Francisco*

San Francisco Bay Guardian

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