

UN Global Compact

Ten years of greenwashing?

Jon Entine argues that the Global Compact needs to properly challenge its members to behave better

While reflecting on the UN Global Compact, one of Groucho Marx's immortal quips comes to mind: "I wouldn't want to belong to any club that would have me as member."

Ten years after its launch, everyone wants to be a member of the Global Compact, a club of 8,000 companies in 135 countries. Its key requirements are that you pony up dues and commit to an extraordinarily low level of disclosure across ten core principles on human rights, labour, environmental and anti-corruption standards – but you don't have to act on them.

The Global Compact has its defenders. It has "succeeded in globalising the conversation about how business can play a positive role in society", suggests Jem Bendell of the Griffith Business School in Nathan, Australia.

But what happens when a member breaks its principles? What if, for example, as in the case of PetroChina, a division of CNPC, the world's largest oil company, it is co-building a \$40bn pipeline in the Sudanese region of Darfur to transport gas to China? Convincing evidence has emerged that, in clear violation of the Global Compact's principles and international law, CNPC was complicit in the displacement of thousands of people, and the disappearance of many others, in Darfur.

Well, you get a gold star! PetroChina joined the compact in 2007, although its parent, CNPC, did not (both are owned by the Chinese government). Last year, when PetroChina stood accused, the compact's executive director Georg Kell dismissed critics for unfairly targeting the corporation "because it, unlike many of the

other companies [operating in conflict-prone countries], has recently taken the step of joining the Global Compact". The leaders of the Global Compact have convinced themselves that it is accomplishment enough being a member of the world's largest club of well-intentioned corporations.

Bart Slob, with the Amsterdam-based Centre for Research on Multinational Corporations, believes that without a grievance system through which civil society organisations can submit evidence of violations, the UNGC principles are no more than vague aspirations.

What value?

So, does the Global Compact have any value?

Not for large corporations, Slob believes. "Most of these multinationals already have comprehensive corporate responsibility programmes." Joining the Global Compact "does not imply any changes in the way they operate."

The compact's only value, Slob says, is that it can be a "first step for small and medium-sized companies that are unfamiliar with the concept of corporate social responsibility". But that's not been its focus.

The Global Compact has "failed to meet its mission and goals, and deliberately so", conclude Prakash Sethi and Donald Schepers, professors at the business school at Baruch College, who have just completed a comprehensive review of the compact's history. What does it mean, they ask, to be responsible if companies that violate the compact's principles face no sanctions? What kind of organisation has corporate governance as its central principle but has no independent monitoring of its own



CNPC has a case to answer in Darfur

The Global Compact is a mile wide and half an inch deep

decision-making apparatus?

Sethi and Schepers contend that because its primary goal appears to be to get as many corporations as possible to sign on, its effect has been to muscle out the oversight provided by other corporate watchdogs that are more independent and effective. By defending "apparently unethical and socially irresponsible behaviour," they argue, the compact provides the cover of UN legitimacy for business as usual. "Dissolve itself," is the only solution, they say.

In an email exchange, Kell bristles at these contentions, calling them "pure garbage". Since 2007, one of his aides notes, "the Global Compact has conducted an annual implementation survey with the Wharton School [that] takes a comprehensive approach to identifying policies, actions and depth of corporate engagement on the ten principles".

The aide says: "What I can tell you is that a whole bunch of assessment studies are in the pipeline, including lots of review/assessment studies by all sorts of academics."

The Global Compact is "a mile wide and half an inch deep", Sethi argues, who says that Kell rejected his offer to independently assess the compact's progress. "It is long on promises, short on performance, and mostly silent in terms of transparency and objective reporting." Even Groucho had higher standards. ■



COLUMNIST:
JON ENTINE

Jon Entine is founder of ESG MediaMetrics and a member of Ethical Corporation's advisory board.