United Nations Conference on Trade and Development

**Topic A: Corporate social responsibility and the environment**

“Where sustainability works best is where an organization’s leadership gets it and wants it to happen and enables it to happen—so everyone from the person who sweeps the floor to the finance director feels part of that conversation.” —Will Day, SD Commission

The concept known as Corporate Social Responsibility (CSR) is based on the understanding that businesses and major corporations cannot behave as entities that are operating by themselves away from the whole of society. There are proven environmental benefits from businesses implementing this concept; instances of greater renewable resources, product durability, and greater material recyclability are all possible options that can benefit corporations as well as the broader society. However, businesses and corporations fail to take notice of Corporate Social Responsibility in the supply chain. The concept of CRS is deeply entrenched within the global business agenda; more progress must be made to move this concept out of the theoretical phase to that of visible action. In order for this to take place there are several obstacles that must be addressed.²

**Background:**

*Rio Declaration on Environment and Development of 1992*

The United Nations Conference on Environment and Development took place on 3-14 June of 1992 in Rio de Janeiro, Brazil.³ At this gathering of Member States, the task was to reaffirm the major provisions of the *Declaration of the United Nations Conference on the Human Environment* that was officially put into action on 16 June 1972 in Stockholm, Sweden as well as promote its enforcement capabilities by adding more to build upon the framework that exists because of the declaration’s implementation.⁴ The Rio Declaration’s major goal for the meeting was to create a beneficial partnership amongst the international community by devising a new level of cooperation amongst Member States; this new level of cooperation is to encompass various sectors within societies as well as the people themselves. An example of a major outcome of the Rio Declaration on Environment and Development is visible within the very text of the document. Principle two

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⁴ Ibid.
establishes Member States to, “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.”  

World Economic Forum 1999

The World Economic Forum took place on 31 January 1999, in Davos, Switzerland; at the World Economic Forum, former Secretary-General, Kofi Annan addressed global business leaders from the private sector as well as other relevant international actors. Throughout the address, the former Secretary-General proposed that several steps be taken to create a global compact of shared ideals to enhance the global market economy. Businesses, industries, and others gathered are to play a heavy role in establishing a set of norms/values within the areas of human rights, labor standards, and safe environmental practices. These areas of concern are mentioned in his address because the businesses present were well within their means of making a difference in these areas of concern; they are clearly defined within various international conventions (UDHR, ILO, and UNCED), and the threat to the global market if actions are not undertaken in those three given areas.

UN Global Compact

Looking at the ten major principles of the United Nations Global Compact on corporate sustainability, it is understood that such sustainability practices begins with the core system of values that are in place before conducting business transactions. Derived from other treaties, conventions, and agreements (UDHR, Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development, and the United Nations Convention against Corruption). Operating a business or a major corporation in this capacity allows that company to adhere to a higher standard of responsibility for human rights, labor, environmental duties, and anti-corruption. Businesses who get into the habit of applying these principles recognize that by putting in good practices in one area does not lead to a trickle effect of bad practices in another area of concentration. Of the ten that were introduced as part of the Compact, there are three very specific ones that apply to this topic directly. First, Principle 7

5 Ibid.
8 Ibid.
proposes that businesses should support taking the necessary precautions to addressing environmental issues. Principle 8 urges businesses and major corporations to produce initiatives that promote greater environmental responsibility, while Principle 9 encourages the creation of environmentally friendly technologies. 

*Push for a United Nations Convention on Corporate Social Responsibility and Accountability*

As recently as 2012, there is a major push amongst some members of the international community as well as policy experts for a *United Nations Convention on Corporate Social Responsibility and Accountability*. The goal behind this major movement is to have a convention in place to regulate Corporate Social Responsibility and Accountability; moreover, it would add a level of oversight that addresses business practices involving the environment, social issues, ethics, transparency and disclosure, human rights, stakeholders, and supply chains. The proponents of such a convention are not interested in going against businesses or major corporations, but rather to help level the playing field within the business sector so that environmental degradation, human rights violations, and other unethical behavior is not used as a form of competitive advantage, but rather a form of good innovation strategy.

Such a Convention for Corporate Social Responsibility and Accountability would, as experts and others argue, help to prevent the dissemination of regulation that is not currently aligned with the UN’S *Business and Human Rights Framework*, and CSR overall. Furthermore, CSR is evolving into a voluntary movement, with serious contributions that change the way in which multinational corporations function. Practices continue to change with many businesses and major corporations responding by creating the necessary tools, mechanisms and infrastructure to improve the ways in which society regularly engages with these companies. Currently, the speed at which such improvements are happening are not quick enough to fully address the needs of the world population. To get beyond this point, it is suggested that the scale of CSR be increased and to develop a level playing field where the international community is the main proponent for sustainable development practices.

*Current Issues:*

*Integration of Corporate Social Responsibility*

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9 Ibid.
11 Ibid.
12 Ibid.
There are major improvements about the seriousness of this concept amongst major corporations and businesses within the world, there are some that remain on the edge in the corporate world. For example, many of the systems that need to be in place to best handle environmental performance is absent from business strategies. If these systems were in place, corporations could have better coordination across functions responsible for environmental impact, legal issues, procurement, human rights, government relations, and interactions with various communities. By fully integrating CSR into all strategies that any business undertakes, whether it is within the international community, the national level, or locally, the amount of success will produce successful outcomes for corporations.

Businesses and Human Rights

Businesses that are a part of the energy/mining industry in the past, had impacts on both the physical and economic outputs of various host countries; often times these corporations dominate the whole economy itself as well as local communities at the lower level. With these impacts in addition to social, economic, and political consequences with large projects such as the mining industry, human rights issues are left out of development strategies. By including strategies or methods of adding respect for human rights, will in turn help to decrease the risk against populations, but create more opportunities for social investments and promote a more stable social license. However, many corporations fail to include a human rights strategy into their business model, thereby creating consequences for the country as a whole.

Water Resources

Climate change and the growth of the global population are putting valuable resources such as the water supply at an even greater risk. Developing countries where the water supply is critically low are further depleted as a result of industries like mining, oil sands, and natural gas. This is also a cause for concern amongst different groups of people who need the water for daily consumption, but are forced to come into conflict with others. Additionally, the competition for water supplies is projected to rise as more businesses and corporations compete for water resources. An approach that companies should invest in and are beginning to appear within the global economy are systems of sustainable water management for large scale projects. With more investment from major corporations, the likelihood of scaling back the lack of secure and safe drinking water will be reduced.

The Petroleum Sector and Climate Change


14 Ibid.
15 Ibid.
Most corporations within the petroleum sector are embracing the fact that their efforts to conduct business contribute to climate change and no longer argue that their practices are detrimental to the environment. They are however, becoming responsible harbingers for promoting lower levels of carbon emissions as well as compete amongst each other to see whether or not one company’s efforts to reduce emissions beats the other competitor’s levels. However, there is an increased level of uniformity in reporting environmental data that should be reported and which statistical data sets that should be left out of the conversation. Examples that these companies give on their reports include: choice of a baseline year from which reductions are measured, the share of holding that requires reporting, and the reporting data of operated versus owned facilities. The pick and choose style of data reporting is resulting in an “information overload” of chaos and confusion rather than making the efforts to highlight the achievements and pledges that are implemented by these companies. The lack of properly obtained and thoroughly disseminated data sets lead to a convoluted assessment process of each companies’ claims.

The Automobile Sector

At the same time that the petroleum sector reports data that looks positive on the surface, but has led to data confusion, the automobile sector is experiencing its fair share of data discrepancies. The lack of adequate data reporting methods is resulting in unreliable data to make comparisons between corporations. This allows automobile producers the ability to freely choose to manipulate the format that their data sets appear to the public so that way these companies appear more environmentally friendly/responsible than they actually are. This further exacerbates the comparative assessment of the achievements and targets that these companies seek to address in this sector.

A common practice amongst auto makers is to choose a year known as a “baseline” in which GHG emissions reductions were taken and recorded; percentages of reduction and the baseline year constitute actual emissions reductions. By having a baseline year, this gives companies the chance to manipulate data by choosing the most favorable year for emissions reductions. If the auto-maker picks the right year, then the reduction percentage has the desired effect of impressing consumers; however the apparent decrease may actually be an increase in emissions.

Apparel Sector

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17 Ibid.

18 Ibid.

19 Ibid.

20 Ibid.
Lastly, the apparel sector’s reporting problems is not a major area of concern for many of the corporations that exist to provide apparel worldwide. Environmental data gathering is not a primary focus for these businesses because they believe that some of the products that are utilized to create new articles are not toxic nor contributing to the rate of accelerated climate change. Second, as a result of the intensity of labor use in addition to the very detailed supply chain, consumers and NGO’s dedicate the majority of their attention to the standards/working conditions of the labor used to make these products rather than take the time to adequately assess the environmental impacts of their methods of production.\(^{21}\)

**Future Outlook:**

The Global Goals on Sustainable Development took effect in 2016 in an effort to achieve three things by 2030. These include an end to conditions of poverty, combat climate change, and fight injustice/ economic inequality. Goal 12: Responsible Consumption and Production applies to businesses and organizations as part of their corporate social responsibility strategy pertaining to the environment. One of the Goal 12 targets that applies to corporate social responsibility and the environment is to encourage companies, especially large transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.\(^{22}\)

While most businesses and corporations feel that it is within their purview to incorporate strategies related to good practices of Corporate Social Responsibility in regards to the environment, there are some that still do not adhere to reporting of GHG emissions. The lack of reporting does; however, provide newer opportunities for NGOs and state actors to shape a better system of data collection, assessment, and reporting. Once a better system is enacted, the manipulation of data to suit the needs of the company will become more difficult and will make it an easier method for corporations to take part in comparative analysis of their methods as compared to other businesses.

\(^{21}\) Ibid.

Focus Questions:

1.) What treaties, agreements, or conventions has your state signed or ratified in regards to Corporate Social Responsibility?
2.) What instruments of Corporate Social Responsibility does your state promote?
3.) What are some of the effects that climate change has had on your state?
4.) Which sectors (petroleum, automobile, or apparel) of the market currently have a stake in your state’s economy?
5.) What measures has your state taken to address manipulation of data reporting by corporations to appear environmentally friendly?


http://www.globalgoals.org/global-goals/responsible-consumption/


http://www.unep.org/documents.multilingual/default.asp?documentid=78&articleid=1163


**Additional Resources**
