

Briefing Note for Local Groups



**Friends of
the Earth**

Challenging Corporations: Introduction to FOE's Corporates Campaign

Introduction – Why do we need new laws for corporations?

From our first ever action dumping hundreds of used, non-returnable bottles on the doorstep of the Schweppes office, to the current Stop Esso campaign, Friends of the Earth has a long history of campaigning against multinational companies where their activities are destroying the environment and communities. We have had many successes and have managed to stop some companies' destructive projects in their tracks. But we cannot possibly follow the activities of all multinationals and many destructive projects still happen all the time.

We have developed a cohesive campaign for changing the corporate sector as a whole. We are continuing with our traditional campaigns on corporate villains such as AMEC, Rio Tinto and Premier Oil to stop their destructive projects. In addition, as part of Friends of the Earth International, we have begun a major new campaign for global rules for corporations. We are calling these rules a corporate accountability convention.

Most multinational corporations claim that the way to curb their destructive behaviour is by voluntary self-regulation, environmental reporting and following voluntary codes of conduct. These can all be positive forces for change, and some companies have adopted good policies which have changed their business practices. Where these efforts are genuine, they are warmly welcomed by Friends of the Earth and we are involved in some of them (eg the Forest Stewardship Council).

However, in our experience, for every company that is genuinely trying to improve its social and environmental performance, there are many more that are merely engaged in "greenwash" (PR exercises designed to give the impression of a greener company) but with little real change to corporate activities. Environmental and social policies often turn out to be little more than hot air and voluntary codes of conduct are regularly broken. Many more companies haven't even got as far as greenwash yet!

This is why Friends of the Earth believes that national and international laws are needed to control multinational companies and to put the rights of people and the environment above the rights of the corporate sector. Multinational companies have had many rights bestowed upon them through the World Trade Organisation and through other laws. These rights must be balanced with responsibilities and, as corporations are not taking these responsibilities seriously themselves, they must be enforced democratically with new laws.

What would corporate accountability look like?

The rights that companies *already* have (eg to trade and to markets) should be balanced with the rights that communities *should* have (eg to a clean and healthy environment and livelihood). We have put together detailed proposals for a legally binding international framework which would apply to all publicly traded companies (in the UK these are known as PLCs). A corporate accountability convention would be based on foundations of justice, equity, democracy and rights.

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An international corporate accountability convention would:

- guarantee **rights** for citizens and communities, such as the right to a clean and healthy environment, and the right of redress (eg compensation) when corporations cause social and environmental damage;
- establish high **standards** of social, environmental, labour and human rights behaviour by corporations;
- place **duties** on companies and directors, such as a duty to take social and environment matters into their decision making, a duty to ensure effective prior consultation with affected communities, and a duty to report fully on social and environmental impacts.

It would also establish sanctions or penalties for when corporations are in breach of its laws. This would include fines; withholding access to public subsidies, guarantees or loans; fines; and, in extreme cases, suspending national stock exchange listings and withdrawing limited liability status.

The convention would be signed by individual countries which would then have to ensure that it is implemented through their own national laws. So it would be down to each participating country to ensure the appropriate legislation is in place. Implementation in the developed countries is most important because this is where the vast majority of multinationals are based.

How is Friends of the Earth campaigning for corporate accountability?

We are taking a three pronged approach:

- **Calling for an international convention for corporate accountability**

We are working with the International Friends of the Earth network and with many other NGOs to put pressure on governments across the world to support the introduction of new laws for corporations. We have built up a coalition of NGOs across the world calling for international corporate accountability.

- **Campaigning nationally on the UK Corporate Social Responsibility Bill**

We are part of the Corporate Responsibility (CORE) Coalition - an assembly of NGOs (Amnesty International-UK, CAFOD, Friends of the Earth, New Economics Foundation and Save the Children-UK) to build support for the UK Corporate Responsibility Bill. This Bill would ensure that:

- Companies report social, environmental and economic performance
- Companies conduct stakeholder consultations
- Directors manage and improve economic, environmental and social impacts
- Companies are reviewed by the Company Environmental and Social Standards Board

- **Exposing destructive activities of specific companies**

Of course we still need to put a lot of effort into exposing the activities of some of the worst and more destructive companies. We have a suite of corporate campaigns at all levels (international, national and local) of Friends of the Earth and these are used to constantly make the case for new laws. At the moment these corporate campaigns include AMEC, Premier Oil, Asia Pulp and Paper, APRIL, Barclays, Esso, Associated British Ports and Rio Tinto. Briefings on these are available from Friends of the Earth.

Friends of the Earth inspires solutions to environmental problems which make life better for people

Friends of the Earth is:

- the UK's most influential , national, environmental campaigning organisation
- the most effective environmental network in the world, with almost one million supporters across five continents and over 60 national organisations worldwide
- a unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland
- Dependent upon individuals for over 90 per cent of its income

To join or make a donation call us on 0800 581 051
