

Investors Against Genocide

Draw the line at investing in genocide

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Susan Morgan – (001) 617-797-0451, susan@paxcommunications.org

NGOs TO FURTHER CHALLENGE UN GLOBAL COMPACT TO UPHOLD ITS “INTEGRITY MEASURES” *Precedent-setting action prompted by PetroChina’s complicity in genocide*

Boston, MA – January 19, 2009 - Following the refusal by the UN Global Compact (UNGC) to accept and act on a formal complaint of “systematic or egregious abuse” of the Global Compact’s overall aims and principles by PetroChina, a UNGC participant, the NGOs that submitted the complaint plan to escalate the matter to the UNGC’s Board of Directors. (See complaint at investorsagainstgenocide.org/ungcandpetrochina2.)

The complaint, submitted by Investors Against Genocide (IAG) and Centre for Research on Multinational Corporations (SOMO), asks the UNGC to formally apply its established “Integrity Measures.” If after three months, there is no satisfactory resolution of the issues raised, the groups ask that the UNGC remove PetroChina from the list of participants. The UNGC’s Integrity Measures define steps to safeguard the reputation, integrity and good efforts of the Global Compact and its participants.

The complaint was supported in an open letter sent to the UNGC by over 80 civil society organizations including human rights, corporate accountability, and religious groups from 25 countries, as well as government officials and actor, Mia Farrow (see letter at investorsagainstgenocide.org/ungcandpetrochina2.) The complaint followed a letter in May 2008, which was also signed by numerous civil society organizations, and seven months of private engagement by IAG and SOMO with representatives of the UNGC in an effort to address the concern.

PetroChina, the publicly traded arm of China National Petroleum Corporation (CNPC), is Sudan's largest oil industry partner with extensive financial links to the regime perpetuating the six-year humanitarian crisis in Darfur. According to the complainants, the company is uniquely positioned to influence the government of Sudan, but is failing to act and denying involvement.

The founding principles of the Global Compact call for businesses to support and respect the protection of internationally proclaimed human rights and for businesses to ensure that they are not complicit in human rights abuses.

In its response to the open letter (<http://tinyurl.com/77vg56>), Georg Kell, Executive Director of the UN Global Compact Office, states that the UNGC “decided not to handle this matter as an integrity issue of an individual company, PetroChina.” He states that “the matters you raised in your correspondence could equally apply to a number of companies operating in conflict prone countries.” In the letter, Kell asserts that PetroChina was been “singled out” because it “has recently taken the step of joining the Global Compact.”

“PetroChina is in gross violation of UNGC principles for its failure to respect human rights and its lack of due diligence in avoiding human rights violations in Darfur,” states Eric Cohen, Chairperson of Investors Against Genocide. “We do not agree with the UNGC that PetroChina or other companies should be immune from criticism by virtue of becoming a signatory to the Global Compact. On the contrary, it is precisely because companies are signatories that they should be challenged to live up to the principles embodied in the Compact.”

The NGOs now plan to bring their complaint before the UNGC Board of Directors which is chaired by UN Secretary-General Ban Ki-moon. “We hope that the UN Global Compact will reconsider its ill-advised initial response and apply its Integrity Measures,” states Eric Cohen. “The UNGC would be setting an extremely unfortunate precedent by declining to use its own documented process to preserve the integrity of its work in this extreme situation.” Thus far, the UNGC has not applied its Integrity Measures to any previous allegation of systematic or egregious abuse.

Bart Slob, senior researcher at SOMO, concurs that the public image of the UN should not be used by companies to cover up irresponsible behaviour. "What is the point of adopting Integrity Measures, if the UNGC fails to apply them given the grave human rights abuses and seriousness of this complaint? The unwillingness to apply the Integrity Measures undermines the integrity of the Global Compact itself."

In his response to the NGOs, Kell further asserts that the "Global Compact's approach to business and peace emphasizes engagement rather than divestment and the power of collective action rather than focusing on any one individual company" and that "handling this matter as an integrity issue of one company would run counter to the Global Compact's approach of looking for practical solutions on the ground."

"If the UNGC is serious about effective engagement, then it should apply its Integrity Measures to request that PetroChina engage on the substance of the allegations we documented in the formal complaint," states Cohen. "Taking action against PetroChina, far from discouraging collective action and practical solutions on the ground, would greatly improve the chances for constructive engagement. Only by demonstrating that inaction and lip service are not acceptable will the corporate community take the actions that are clearly warranted in Sudan and other conflict zones."

In his remarks to the Global Compact Board on December 15, 2008, Secretary-General Ban Ki-moon said, "When we met for the first time in this room more than a year-and-a-half ago, I called on you to ensure that the momentum of the Global Compact is not lost on the slippery slope of the lowest common denominator. This is now more urgent than ever. In particular, I will be relying on you to further refine the good measures that have been taken to strengthen the quality and accountability of the corporate commitment to the Compact. As we move forward, it will be critical that the integrity of the initiative and the credibility of this Organization remain beyond reproach."

In an April 2008 report, John Ruggie, UN Secretary-General Ban Ki-moon's Special Representative for business and human rights, specifically addressed the issue of financial support for genocide. The report states, "The Global Compact also suggests that businesses establish clear safeguards to ensure that if financial or material support is provided to security forces it is not used to violate human rights." Similarly, the Office of the High Commissioner for Human Rights has written, "A company is complicit in human rights abuses if it authorizes, tolerates, or knowingly ignores human rights abuses committed by an entity associated with it."

In Kell's response to the open letter, he also expresses "surprise" regarding the public nature of the open letter which "he read in the media." However, IAG and SOMO refute any implications regarding impropriety in the engagement process (see timeline below).

The Global Compact is currently the world's largest and most widely known voluntary corporate responsibility initiative, with nearly 5,000 corporate participants.

Timeline of interaction between NGOs and UN Global Compact

May 12, 2008	First letter sent to UNGC asking to use their good office and influence with PetroChina regarding human rights abuses in Sudan, signed by over 80 NGOs from 19 countries
Aug. 11, 2008	NGO representatives meet with the UNGC for an extensive exchange of views and discussion of the UNGC's request that a formal complaint be delayed until after a Global Compact Network meeting in Sudan, expected in October
Nov. 18, 2008	Draft of formal letter of complaint sent to UNGC
Nov. 26, 2008	Phone meeting with NGOs and UNGC for discussion and feedback on draft complaint
Dec. 1, 2008	UNGC meeting in Khartoum to launch its Global Compact Network Sudan
Dec. 11, 2008	Phone meeting with NGOs and UNGC for discussion, including NGOs plan to formally submit the complaint

- Dec. 15, 2008 Investors Against Genocide (IAG) and the Centre for Research on Multinational Corporations (SOMO) file a formal letter of complaint with the UNGC
- Dec. 15, 2008 UNGC email requests that the complaint be withdrawn
- Dec. 16, 2008 IAG and SOMO send UNGC an email refusing to withdraw and stating that letter of complaint is now a public document, formally submitted
- Dec. 17, 2008 UNGC email indicates via email that they would consult with UNGC Board members and would reply in the first or second week of January
- Jan. 6, 2009 Courtesy copy provided to the UNGC by the NGOs in advance of publishing a sign-on letter supporting the complaint
- Jan. 7, 2009 Publication of the letter in support of the complaint against PetroChina, signed by over 80 NGOs from 25 countries
- Jan. 12, 2009 UNGC publishes response to the complaint against PetroChina

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Investors Against Genocide is a non-profit organization dedicated to ending investment in genocide. The organization works to build awareness of this problem and to advocate for investment firms and companies to change. The ultimate goals are that the Government of Sudan ends its deadly genocide in Darfur and that companies and investment firms avoid investing in genocide. For more information, visit www.investorsagainstgenocide.org.

The Centre for Research on Multinational Corporations (SOMO) is a Dutch non-profit research organization. Established in 1973, SOMO undertakes research on the impact of multinational enterprises and the consequences of the internationalization of business, particularly for developing countries. For more information, visit <http://somo.nl/>.