CSR Case Study: The World Wildlife Fund

Reconciling Roles as a Vigilante and a Verifier

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Introduction:

The question of environmental sustainability has taken center stage during most policy debates of the recent decades. In 2000, United Nations made ensuring environmental sustainability one of its eight Millennium Development Goals for 2015. With continuing emphasis on conservation and increasing public awareness about key environmental issues that face us today, people are turning to well-known organizations, such as the World Wildlife Fund (WWF), for reliable information and credible means to make a difference. At first glance, WWF’s noble mission “to conserve nature and reduce the most pressing threats to the diversity of life on Earth” qualifies the organization as a benevolent champion of conservation. Though this may be true, in a world of numerous stakeholders and conflicting interests, virtue is often not enough to earn the trust of a discerning audience. A more critical observer will look beyond the organization’s mission statement to evaluate its credibility to key constituents and effectiveness in the field. This case study aims to navigate through World Wildlife Fund’s publicly available resources and outside research in efforts to evaluate the organization’s credibility and ability to carry out conservation projects given constraints framed by conflicting stakeholders.

Brief History and Facts:

The World Wildlife Fund (WWF) is the U.S. affiliate of the World Wide Fund for Nature (WWF Global), the international umbrella organization founded in 1961 and headquartered in Gland, Switzerland. WWF Global was founded to raise funds for

environmental projects other NGOs were working on. As its resources increased, the organization began to implement its own conservation projects and grew in scope to address a bigger variety of conservation issues. Although the mother organization was initially called the World Wildlife Fund as well, it was renamed in 1986 to reflect the greater diversity of projects it works on, while U.S. and Canada decided to keep the original name. There are a total of 30 international offices, with the U.S. office being one of the oldest, and their fundraising activities and projects are independent of the Swiss mother organization. In addition, there are two offices in Brussels and Washington, DC that are involved in lobbying activities with the European Union and the U.S. government respectively. Currently, WWF runs about 1,300 projects at one time in more than 100 different countries with the help of 5 million supporters and over 5,000 staff members worldwide. As the numbers illustrate, the World Wildlife Fund is one of the oldest and biggest organizations working in conservation and environmental sustainability. Though it would be interesting to compare operations and governance across independent affiliates in different countries, this case study mainly focuses on WWF U.S., with occasional reference points to its partners and the global network.

The CSR Problem:

Studies continue to illustrate the growing power of NGOs. As the name implies, their official independence from governments and businesses instills more trust among

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consumers than for any other entity. But are NGOs truly independent bodies that do not sway under pressures from businesses and governments?

In a chapter from their book *Can Standards Improve Under Globalization?*, Elliot and Freedman argued that there are two types of activists – vigilantes and verifiers. While vigilantes are more aggressive activists who bring attention to violations and call for better standards, verifiers are more collaborative in their operations, working with firms to develop codes of conduct and monitor compliance. Even though these terms were used to describe advocates of better labor standards, the dichotomy can be extended to conservation NGOs, such as the World Wildlife Fund. On one hand, the WWF is a vigilante that serves as a whistleblower on questionable conservation activities. For example, in 2006, the WWF published a critique of CSR claims of sustainability by several British firms titled *Truth or Trickery*. On the other hand, the organization takes pride in its ability to collaborate with businesses by engaging in “innovative and challenging partnerships with the private sector.”

The CSR problem is that there appears to be an inherent tension between the two responsibilities of the organization: it aims to combat business practices that harm the environment while engaging in constructive dialogue with those same businesses to reach mutually beneficial conservation goals. The concern with the dual nature of WWF’s responsibilities raises questions about the organization’s ability to maintain credibility. If

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it aims to combat activities that are harmful to the environment, such as deforestation and overfishing, how does it also maintain a working relationship with the same businesses it is fighting against?

**Dimensions for Consideration:**

This paper aims to shed light on WWF’s CSR problem by approaching the question from several key dimensions:

1. **Audience:** Who are WWF’s key stakeholders? Who is the organization accountable to? Do these stakeholders have conflicting interests?
2. **Governance:** Who sits on the WWF’s board? What does the board composition tell us about how decisions are made?
3. **Money source:** Where does WWF get its funding?
4. **Autonomy from target of monitoring:** What systems does WWF have in place to signal independence from target companies?
5. **Standards vs. monitoring:** Is the monitoring body separate from the standard setter?

1. **Audience:**

   We live in the age of accountability\(^9\), where organizations are not only responsible for their actions as outlined by their own mission statements, but are also

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liable to their communities and investors for the commitments they have made\textsuperscript{10}.

Therefore, before diving into questions of WWF’s credibility, it is important to identify the organization’s stakeholders, which include:

- **Individual donors**: WWF receives the biggest portion of its funding from its five million individual donors, who support the organization through direct donations, monthly memberships, and adoptions of endangered species. These individuals likely support the organization because they care about conservation and trust WWF to carry out operations that work toward this cause.

- **Private partners**: WWF has long-standing partnerships with small businesses and big corporations, such as Coca Cola, Nike, HP, IKEA, Sony, and HSBC, whose contributions range from $1,000 per year to millions of dollars toward a particular project\textsuperscript{11}. These companies are likely to support WWF as a form of CSR or as means to gain leverage during negotiations for business activities that conflict with WWF’s conservation projects, such as logging or setting up facilities on endangered lands.

- **Indigenous communities**: Often, the regions that WWF aims to protect from deforestation are not only home to wildlife, but also indigenous communities who are forced to relocate due to business activities on their land, lack of natural resources or conflict with relocated wildlife.

- **Employees**: WWF employs over 5,000 staff worldwide, from positions on the field to administrative staff in their offices to project directors and executives.


\textsuperscript{11} “Partners in Conservation.” WWF. http://www.worldwildlife.org/how/partners/index.html
• **Board members:** WWF’s board members include business leaders, scientists, conservationists, and government officials.

• **National Council:** A team of scientific, business and political experts that advises the board on projects and fundraising activities\(^\text{12}\).

• **Policy makers:** Aside from carrying our conservation projects directly in endangered areas, WWF also consults policy makers and affects policy decisions through lobbying activities in Brussels and Washington, DC.

• **Other NGOs:** As one of the oldest conservation NGOs, the WWF is also accountable to other organizations in the field, such as Greenpeace International and National Geographic Society.

While this study will focus on certain stakeholders more than on others, it is important to identify the aforementioned members of WWF’s audience, because they often have conflicting interests, which undermine the organization’s credibility in the eyes of others. For example, Coca Cola recently made a $2 million dollar donation to WWF’s polar bear conservation efforts. While this generous contribution will surely aid the organization’s goals to protect the species and its habitat, it also binds WWF to a level of loyalty that is cause for concern in other areas. If Coca Cola decided to open a manufacturing plant on endangered lands in Congo that would threaten the livelihood of indigenous communities, how much bargaining leverage would WWF have to prevent this sort of business venture? In fact, in 2003, a Coca-Cola plant in India was accused of polluting water

resources in the region as well as local soil with manufacturing waste. Who guarantees that this will not happen again? This is a clear example of conflicting interests that undermine WWF’s credibility towards its indigenous stakeholders. This could also harm the organization’s image among fellow NGOs who may adopt more aggressive tactics in a similar situation because of minimal dependence on corporate support.

2. Governance

It is important to consider the leadership that steers WWF’s operations, as this sheds light on individual interests and loyalties that affect the organization’s commitments to its stakeholders. The WWF’s board consists of scientists, conservationists, government officials and business leaders, who are elected for three-year terms. Business leaders are represented more heavily than other groups, including the former CEO of the Coca Cola Company, the Senior Vice President for Technical Infrastructure at Google, and the CEO of Orvis, a high-end fishing, hunting, and sporting goods retailer that is well known for its conservation campaigns.

These associations are likely raise red flags about private influences behind decision-making, so the WWF has a well-defined conflict of interest policy that ensures independence from outside influence. As noted on the WWF website, the policy aims to “avoid public perceptions and financial consequences detrimental to WWF that could arise from the misuse, or perception of misuse, of an individual’s position or influence.”

This opening statement underlines the organization’s concern with issues of credibility

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15 Conflict of Interest Policy: http://www.worldwildlife.org/who/Governance/conflictofiinterest.html
and its method of addressing them through well-defined procedures that include an explanation of what constitutes conflict of interest and whom to notify upon its detection. The policy outline includes specific examples of this occurrence, such as having a “business or financial interest in any third party dealing with WWF…not include[ing] ownership interest of less than 5 percent of outstanding securities of public corporations; hold[ing] office, serv[ing] on the Board, participat[ing] in management, or [being] employed by any [such] third party; engag[ing] in any outside employment or other activity that will materially encroach on such person’s obligations to WWF…” Each Board Member is required to sign a Conflict of Interest Policy Disclosure Statement every year. The conflict of interest policy is an effective internal check against outside influence on decisions of the board and is one area where the WWF has succeeded in establishing independence from external interests.

3. Money Source:

A big threat to the credibility of the World Wildlife Fund is its source of funding. In 2011, the organization experienced an 8% increase in funds, reaching a record high of $238.5 million in operating revenue\(^{17}\) (see Graph 1). The biggest portion (35%) of this revenue came from individual donations, while corporate contributions made up 6%, a 1% hike from 2010\(^{18}\) (see Graph 2).

\(^{16}\) Conflict of Interest Policy. http://www.worldwildlife.org/who/Governance/conflictofinterest.html


One of the biggest and most notable corporate contributions to the WWF in 2011 was Coca-Cola’s commitment of $3 million (with an initial donation of $2 million over five years) to the organization’s efforts to conserve the polar bear habitat in the Arctic\(^\text{19}\). On one hand, this partnership seems like an appropriate CSR strategy for Coca Cola,

\[^{19}\text{“WWF and the Coca-Cola Company Team Up to Protect the Polar Bears.” WWF. http://www.worldwildlife.org/who/media/press/2011/WWFPresitem24592.html}\]
considering the fact that the polar bear is one of its most popular symbols dating back to the 1920s\textsuperscript{20}. On the other hand, WWF’s relationship with Coca Cola creates a relationship between the organization and the corporation that implies a certain level of loyalty to the company that may undermine future conservation efforts. For example, if a future Coca Cola business activity, such as setting up a new plant in an endangered region of the world, happens to be in direct conflict with WWF’s conservation efforts, how does the organization balance its commitment to saving the environment against its relationship with the corporate giant that is defined by millions of dollars? While this is a hypothetical situation, the absence of a system, such as a donation cap, to prevent such conflict of interest raises questions about WWF’s ability to carry out its commitments as a vigilante without compromise. This is one of the inherent CSR problems WWF faces - a mission to protect nature, using funds that may come from the same organizations that threaten it.

4. Autonomy from Target of Monitoring:

The World Wildlife Fund is involved in a number of conservation projects that vary in scope and nature, including large-scale global initiatives, such as promoting a new international climate agreement, and local projects, such as partnering with small communities in Panama to streamline forest management practices. The most alarming of these projects involve corporate partnerships that are explained differently by each regional affiliate.

Although the primary focus of this case study is WWF U.S., it is useful to briefly discuss the reasoning behind these partnerships as stated on the WWF Global website. The mother organization acknowledges that “many companies rely on natural resources and their activities can have a significant impact on the environment,” while recognizing the need for these companies to engage with NGOs to “demonstrate sound environmental practices and corporate responsibility.” As WWF aims to bridge this gap by taking advantage of corporate resources in exchange for collaborating with companies towards sustainable practices, it compromises autonomy from its target of monitoring, undermining its credibility as a verifier. Although, WWF Global lists “transparency, measurable results, [and] the right to disagree” as basic principles that guide its corporate relationships, the latter of these core values seems insufficient in reversing harm to the environment caused by these partners. After all, is agreeing to disagree a meaningful compromise for an organization that is tackling pressing environmental issues?

On its end, WWF U.S. classifies corporate partnerships into three categories: philanthropic collaboration, sustainable business collaboration, and cause marketing collaboration. *Philanthropic collaboration* involves corporate funding towards specific WWF projects that are either related to the company’s operations or are meaningful to the donor in some way. The Coca Cola donation towards conservation efforts of polar bear habitats would fall under this category. WWF’s gain from this relationship is monetary in nature, while a company benefits from its alignment with a well-known NGO towards a noble cause that its stakeholders can relate to. In fact, Coca Cola brought attention to this

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21 Changing the Nature of Business. WWF Global.
http://wwf.panda.org/what_we_do/how_we_work/businesses/

22 Corporate Partnerships. WWF.
cause by changing the design of its cans to an image of a polar bear and launching several halftime ads during the 2012 Superbowl. As previously noted, this type of relationship creates potential for indirect conflict of interest based on financial dependence, which ultimately undermines WWF’s ability to carry out unbiased campaigns independent of major donors.

The second type of corporate partnerships, *sustainable business collaboration*, is a more active relationship between the NGO and its partner companies. WWF plays the role of a verifier, working with corporations to measure environmental impact and help shift their operations toward a more sustainable strategy. This is achieved by adopting one of the following two methods: a “targeted approach… to build sustainability into a specific area of [a company’s] overall business,” or a “transformational approach” that involves a more holistic shift in the company’s operations. The organization hopes to achieve “greatly reduced environmental impact” through these partnerships, which must involve a certain level of bargaining and compromise. In addition, it claims financial gains from providing its expertise on a number of conservation issues. On their end, partner companies benefit from WWF’s expertise on environmental issues and establish credibility in their CSR efforts through a relationship with a reputable and long-standing NGO. Unfortunately, a collaborative environment also implies dialogue and room for compromise, bringing into question WWF’s ability to maintain bargaining leverage in the presence of a financial transaction.

One area of concern is the promotion of indigenous rights who live on lands often targeted by WWF partner companies. Many logging companies working with WWF are

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involved in projects that threaten indigenous communities and often force the relocation of such groups as a direct result of deforestation and lack of resources or an indirect consequence of other species moving into indigenous areas due to habitat loss from deforestation. Conflicting interests of indigenous communities and companies place WWF in a difficult position to balance its responsibilities to both of stakeholders. Since WWF relations with private entities are bound by official contracts and legal agreements, the organization’s level of accountability to its corporate stakeholders shifts the bargaining power against the indigenous communities it aims to protect, undermining its credibility as an autonomous body that protects the underrepresented end of the spectrum.

The third type of private partnership that WWF engages in is cause marketing collaboration, where it essentially trades in its logo for financial contributions. As outlined by an official introductory document to potential partners, WWF provides a license to use the panda logo to organizations that have “compatible values and environmental practices” in exchange for “a substantial minimum financial commitment scaled appropriately for the size and reputation of the company.” As mentioned in the document, WWF receives financial gain from this relationship, while the partner corporation “distinguish[es] its products and services from those of other companies…[earning] favorable support from its customer base.” Unfortunately the document fails to clarify what constitutes compatibility of values, leaving much room for interpretation and collaboration with private entities with questionable environmental standards. Furthermore, WWF does not specify a monitoring system that ensures

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continuing commitment to these vaguely outlined environmental standards. In other words, the organization licenses its logo for a profit, making itself susceptible to threats of major controversies and loss of credibility, should these companies engage in harmful environmental activities.

In addition to the aforementioned relationships with the private sector, the WWF international network has created programs aimed towards specific conservation issues that involve private stakeholders on yet another level. Through its Global Forest & Trade Network (GFTN), WWF works with manufacturers, processors and distributors of wood and paper products to ensure sustainable logging and supply chain management through a certification process endorsed by the Forest Stewardship Council (FSC). Aside from environmental benefits outlined on its website, WWF Global also mentions “a positive corporate image” and “strengthened consumer and customer acceptance” as advantages of participation. Unfortunately, recent controversies have shed light on shortcomings of this initiative, further illustrating the incompatibility between conservation projects with private operations.

In 2011, Global Witness published a report that heavily criticized WWF for allowing “its member companies to reap the benefits of association with WWF and its iconic panda brand while continuing unsustainable logging, conversion of forests to plantations, or trading in illegally sources timber.” The organization’s credibility as a verifier was brought into question through its inability to effectively monitor and verify compliance, lack transparency in reporting violations, lenient policies for entering the

partnership and failure to maintain evaluation systems fully independent from funding partners. The report provided specific examples of violations by partner firms, including clear-cutting orangutan habitats by Malaysian company Ta Ann Holdings Berhad, illegal trade of timber by UK firm Jewson, “one of the largest members of the network,” and violent conflict between Swiss-German company Danzer Group and communities in the Democratic Republic of Congo over illegally sourced timber and human rights abuses.28. To heighten the impact of its claims, Global Witness featured on the cover page of its report a controversial photo of a logger sawing a tree while wearing a World Wildlife Fund t-shirt. This recent study is an example of the types of issues that instill doubt in the public consciousness and undermine the credibility of conservation efforts carried out by the organization.

5. Standards vs. Monitoring

Although WWF has a clearly stated conflict of interest policy that addresses anticipated concerns about board member independence from third-party organizations, it does not have a similar system in place to serve as a check against corporate partnerships the organization openly pursues. In other words, there is no autonomous affiliate or branch that works exclusively as a vigilante without blurring the line between a truly independent NGO and a corporate CSR partner.

In fact, WWF Global promotes further collaboration through multi-stakeholder initiatives (MSIs), which serve as “roundtables and dialogues” to promote open communication between multiple stakeholders, including corporations and NGOs, to

establish “voluntary standards [that] evolve into independent certification schemes\textsuperscript{29}.

While some of the certifiers the organization works with are well-known entities, such as the Forest Stewardship Council (FSC) and the Marine Stewardship Council (MSC), others are mutually agreed upon initiatives that must be reached by consensus of key players, including the private stakeholders WWF is essentially set up to also target and prevent from harming the environment. Such agreements cannot possibly be credible sources of monitoring and certification when they are partially influenced by the same entities that are being monitored and certified. In this aspect, WWF fails to separate its objectives from those of its targets.

**WWF vs. Greenpeace**

One way to illustrate the incompatibility of WWF’s dual role as a vigilante and a verifier is to compare it against a fellow organization that approaches its mission from a perspective that is more in line with aggressive tactics of vigilantes than those of mild-mannered collaborations of verifiers. At around the same time that WWF celebrated its 50\textsuperscript{th} anniversary, Greenpeace turned 40, highlighting the stark difference in the strategies of the two conservation groups aimed at essentially achieving the same goal – conservation of the environment. The European Union Information Website (EurActiv) compares WWF to “a silvery 50-year-old” that is often described as a “sell out” that gets “too cozy with businesses,” while describing Greenpeace as “an angry teenager… likely

\textsuperscript{29} Multi-Stakeholder Engagements. WWF Global. http://wwf.panda.org/what_we_do/how_we_work/businesses/transforming_markets/solutions/methodology/multi_stakeholders/
to be found outside a corporate headquarters protesting.” During an interview about this noted contrast between the organizations, WWF-UK CEO David Nussbaum acknowledged the effectiveness of the “more combative, aggressive approach of Greenpeace,” but preferred his organization’s engaging tactics to influence target companies.

Greenpeace is likely to be involved in fewer controversies around its cozy relations with target corporations that may undermine the effectiveness of its campaign. At the same time, the organization may not prove as successful in convincing powerful private adversaries to change harmful practices if they prefer to steer clear of public relations scandals by working with an aggressive non-profit partner. In other words, Greenpeace may achieve more credibility among its conservationist stakeholders who “are really pissed off and want to get out there and stick it to the man”; however, it is also likely to alienate companies whose resources and cooperation may help it achieve a larger share of its goals. On the other hand, WWF has access to these resources and collaborative partnerships, but at the expense of its credibility to hard-line conservationists and smaller communities affected by corporate operations. While arguments can be made in favor and against for both organizations, it can be argues that WWF forges more of its credibility as a result of its relationships with target companies.

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Brand Recognition and Reputation

Aside from external operations that raise questions about the accountability and credibility of WWF, the organization also faces internal CSR problems associated with its brand name and reputation. This is particularly relevant to WWF, as the umbrella organization and its independent subsidiaries share a name, or at least a set of initials, but not necessarily fundraising projects and conservation campaigns. As a result, the organization is susceptible to damage to its image that may stem from either of its 30 independent operators across the globe.

A 2009 controversy surrounding WWF-Brazil brings to light just this dilemma. To raise awareness about the 2004 Asian tsunami that resulted in thousands of fatalities, the Brazilian organization commissioned a local agency to create an ad that used “images of dozens of planes about to crash into New York City skyscrapers to illustrate the scale of the lives lost” in the natural disaster. The text on the upper corner of the image read “[t]he tsunami killed 100 times more people than 9/11,” creating displeasure among U.S. stakeholders and prompting a timely press release from the CEO of WWF-US that “strongly condemn[ed] the Brazilian ad and apologiz[ed] to 9-11 victims and families.”

The Brazilian ad controversy brought to light disadvantages associated with the separation of WWF into independent international bodies, while they share a globally recognized brand name that may be adversely affected by actions of any of the affiliates. While operational and financial independence facilitates more streamlined decision-making and more specialized projects around areas of interest, it also results in a

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31 Sweney, Mark. “WWF: 9/11 ad ‘should never have been made’.” The Guardian. 3 September 2009. http://www.guardian.co.uk/media/2009/sep/03/wwf-911-tsunami-ad#
lack of oversight over key campaigns that may adversely affect the global brand and all of its affiliates as a result. This controversy illustrates another level of CSR issues that the organization deals with that is more similar to those of private companies it works with.

**Concluding Thoughts**

As streamlined technology and information flow grant key stakeholders greater access to their respective organizations, there is greater demand for transparency and accountability by all parties involved in a given NGOs operations. As a result, organizations such as the World Wildlife Fund have become more susceptible to claims against the credibility of their projects and must set in place a well-defined system of checks and balances to satisfy the skepticism of discerning stakeholders, which include the general public, donors, communities they work with and companies that form relationships with.

It is often difficult, if not impossible, to reconcile contrasting interests of the aforementioned stakeholders, as is evident by the recent controversies around WWF. While the organization is effective in establishing an acceptable level of credibility in some areas, it is less successful in many others. For example, WWF’s system of governance and conflict of interest policy credibly establish autonomy of its board members from private interests of third parties the organization works with. On the other hand, the diversity of WWF’s stakeholders prevents it from meeting the needs of the communities and populations it was originally founded to improve. Furthermore, the potential influence of private funding on its projects takes away from the organization’s ability to establish itself as a truly independent entity free of outside influence. Lastly,
WWF’s inability to separate its rule as a standard setter from its duties as a monitoring body prevents it from fully carrying out either of these tasks.

Therefore, WWF faces a major CSR problem that may prove detrimental to its operations as individual donors that contribute to the biggest chunk of its funds become more aware of conflicts of interest through public controversies and improved information flow. If the organization is to continue to exist for another 50 years, it must set in place costly signals that communicate to its stakeholders a continuing commitment to the conservation of the environment which include but are not limited to:

- Establishment of independent monitoring subsidiaries who are not afraid to publicize violations of standards by partner companies;
- Placing a cap on private contributions that do not indebt the organization into future compromise with a large donor;
- A clear distinction and operational independence between standard-setting and monitoring branches;
- Less reliance on collaborations with corporations to achieve conservation goals.

Without them, continuing scandals will only alienate key stakeholders and undermine the desirability of the organization even in the eyes of the corporations that are contributing to the credibility problem to begin with.