

Business and Human Rights - Advancing the Agenda 10 October 2005, Wilton Park

The Global Compact and human rights

The Global Compact Office would like to thank the team at Wilton Park and the UK Foreign & Commonwealth Office for putting together this promising conference. Sphere of influence and complicity - core themes at this conference – are key concepts for the Global Compact. “Sphere of influence” is actually a phrase that the Global Compact introduced to the field of corporate citizenship/CSR, and “complicity” is a concept that the Compact has helped to popularize in this context. We welcome the opportunity to discuss the concepts in detail and hope for viable suggestions for how to give them practical meaning for companies and other organizations around the world. We are delighted to be associated with, and to have contributed to the preparations for, this event. We hope to pick up some new ideas to make our own business and human rights work programme more effective.

As important background for this event, we would like to offer the following refresher on the Global Compact, our approach to human rights and the role of the Compact in the context of calls for greater accountability for business.

Refresher on the Global Compact

The Global Compact was introduced in 1999 because many felt that globalization was not delivering all it had promised. In particular, its benefits were dramatically unevenly distributed. Although the primary responsibility for implementing international agreements on human rights, labour standards, the environment and anti-corruption lies with governments, business was seen as having an important role to play. In fact, one of the founding premises of the GC is that without active involvement of business, there is the danger that universal principles, including those embodied in international human rights instruments, will remain unimplemented.

The Global Compact emphasizes the business case for improved social and environmental performance and business' own operations and activities not the traditional CSR concept that is based on philanthropy. We believe that the largest impact that business can have is through conducting their business in a sustainable way that respects human rights and limits their environmental impact, treats their workers well and avoids corruption.

The Compact, itself, is both a set of universal principles and a network-based multi-stakeholder initiative with a change model for how to raise the level of business' social and environment performance. The Secretary-General derived the principles from international instruments that enjoy wide consensus like the UDHR, ILO Declaration, Rio Declaration, and UN Convention Against Corruption.

Businesses initiate their participation through a commitment by their CEO endorsed by their Board expressing their support for the principles and their intention to work towards their implementation within their own operations. This is a key element of the Compact's leadership model. Effective positive change requires a leadership commitment and it is our intention that change agents inside companies will use their CEO's expression of commitment to help them to more easily make necessary changes inside the company to improve its social and environmental performance.

The Global Compact is not a seal of approval for or endorsement of the companies or other organizations participating in it. Nor is it a regulatory or compliance based model. The Global Compact Office has neither the mandate nor the resources for that. As a result, we encourage improved performance and positive change through the means available to us as an initiative inside the UN Secretariat: learning, dialogue, networks, initiatives, projects and promoting greater transparency around company social and environmental efforts. We also work with the financial incentive system within which companies operate to encourage the mainstream financial community to take into account companies' social and environmental performance in making their valuations.

Global Compact Office was established in July 2000 with less than 50 companies. Today, there are 2268 participating companies in 87 countries, dozens of civil society and labour organizations and more than 40 local networks engaged.

The Global Compact's approach to human rights

Two of the Global Compact's ten principles are devoted to human rights. However, the labour standards principles are also human rights related. The two human rights principles are positive and negative, that is, they emphasize doing good as well as not doing harm.

Human rights is a major priority area of the UN Global Compact Office as it remains one of the newest and least familiar for many of the company participants. We've been doing a fair bit of work in this area and plan to continue doing so. We feel we are making an important contribution although much more clearly remains to be done.

Our main partner in all our human rights work has been and will remain the OHCHR. They are clearly the guardians of the two human rights principles. We also work with a number of other organizations in this area, including BLIHR and the Danish Institute for Human Rights.

Located within the UN Secretariat - the Secretary-General's office to be precise - the Global Compact Office must be as pragmatic and non political as possible. We focus on the practical "How" question, namely, how to implement human rights within a business's own operations and activities, especially on what businesses can do to eliminate their potentially negative human rights impact. Two recent publications that we have produced in this area are: Raising the Bar; and Embedding HR in Business Practice.

One of our major activities in this area has been fostering tool development and recommending proven tools to help with the implementation process. Rather than reinvent the wheel, we help disseminate information about existing tools with a proven track record, such as the Business & Human Rights Resource Centre's website, the Danish Institute Human Rights Compliance Assessment quick check tool, and the BLIHR matrix. We are also working on a human rights training package and, with partners, on a business guide to human rights impact assessment and, with BLIHR, on guidance for managers on how to implement human rights.

One of our most significant contributions to the area continues to be our efforts to build consensus among companies, other societal actors and even governments that human rights are an important business issue. Our leadership model is key here. The process for initiating involvement (CEO commitment with endorsement from the Board) means that many boardroom and/or senior

executive discussions about human rights have taken place because of the Global Compact. Moreover, 2268 companies are on record as having expressed support for and intention to implement human rights. Importantly, these are companies in 87 different countries, helping to demonstrate the universality of human rights. Governments have also collectively and individually recognized the contribution of the Global Compact in a number of contexts, most recently in the 2005 World Summit Outcome document.

We are pleased to report that much learning is going on at the local level. We know that some Global Compact local networks have used our human rights publication as the basis for running their own learning activities on human rights. Many Global Compact local networks have also invited local chapters of human rights NGOs to come and speak with them to help them learn about human rights in a business context. In some countries where governments are not very supportive of human rights, business has been taking a keen interest and are slowly helping their governments to see that human rights are important.

We have also contributed to the business and human rights debate through helping to develop and refine its lexicon. As already mentioned, we introduced the concept of “sphere of influence” and helped popularise the concept of “complicity” as key terms that have helped focus and advance the business and human rights debate.

We also collect and disseminate case studies of the real dilemmas that companies are facing and provide opportunities for companies and others to come together to work on solutions. E.g. Supply chain, business in conflict zones (Enabling economies of peace), managing diversity and non-discrimination, and contributing to OHCHR’s consultation process last year. As the UN, we can bring to the table audiences that others sometimes can’t.

Is our approach having an impact? McKinsey & Company’s impact assessment in 2004 found that the Compact has existential power and has had significant incremental impact in the sense of helping change to happen faster and more easily – which is our modest aim. Among the other findings were that half of all participating companies reported having changed their policies with respect to the principles. Many companies from OECD countries have signed on to Global Compact to learn about how to improve their human rights performance. For nearly two-thirds of the companies from developing countries, the Global Compact is the first corporate citizenship initiative in which they have engaged. Many do so to learn how to improve their social and environmental performance and thus enhance their ability to enter into supplier relationships with larger global firms.

There is no doubt that much more remains to be done. One of our most exciting upcoming challenges is that we’re bringing our multi-stakeholder approach to China with a big Summit there later this year.

Role of the Global Compact in context of calls for greater legal accountability for business

A word or two is also warranted on the role of the Global Compact in the context of calls for greater legal accountability for business. The first point to note is that the Global Compact is a voluntary initiative without a mandate or resources to monitor compliance.

Nevertheless, protecting the integrity of the UN and of the initiative is a legitimate concern. We therefore introduced a stricter logo protection policy and new integrity measures covering

misuse of the GC logo and a complaint procedure for systematic and egregious abuse of the GC's overall aim and principles. The policy goes as far as UN legal office will allow given our status as voluntary initiative of UN Secretariat.

We also introduced a procedural requirement that all company participants communicate to their stakeholders on a regular basis their progress in implementing all ten principles. Companies not doing so for two years in a row are designated "inactive" on our website until they start communicating. This has already started to show results with media calling attention to "inactive" companies, prompting them to start communicating.

Most importantly of all, we cannot emphasize enough that the Global Compact's voluntary initiative is not intended to be a total solution. It is positioned as complementary to and not a substitute for other approaches, including for international law. Human rights issues are complex and a multitude of approaches is clearly needed.

Conclusion

The Global Compact is an important tool in the quest to advance the business and human rights agenda. Too often the business and human rights debate is presented as if there is a dichotomy between voluntary and regulatory approaches as if it is either/or. This is a false dichotomy. There is a huge demand for consensus building, tools and practical solution finding. The Global Compact is a key platform that can help in this regard and thereby contribute to better implementation of human rights.