

International Labor Standards
Corporate Codes of Conduct

Cornell University

Year 2003

Nongovernmental Organizations
Welcome the New U.N. Norms on
Transnational Business

Human Rights First

human rights *first*

THE NEW NAME OF

LAWYERS COMMITTEE FOR HUMAN RIGHTS

The Honorable Kofi A. Annan
Secretary-General
United Nations
Secretariat Building, Room S-3800
New York, NY 10017

June 4, 2004

Dear Secretary-General Annan:

As you know Human Rights First has been involved with the Global Compact since its inception. We initially accepted your invitation based on our appreciation of your personal commitment to human rights. We looked to the Global Compact to provide a meaningful forum for strengthening corporate social responsibility and ensuring greater accountability for the enforcement of human rights standards. We continue to be interested in furthering dialogue with the corporate sector through the United Nations, and in other ways.

However, as we approach the Global Compact Summit on June 24 we have very serious concerns about the Global Compact's future and its credibility. Our efforts over the last four years to address these concerns have not been successful.

Our concerns fall into three broad areas. These are:

1. Ensuring the integrity of the Global Compact

There are now more than 1000 companies participating in the Global Compact, including a significant number of companies based in the developing world. The involvement and participation of such a large and diverse group of companies has helped broaden corporate focus on these issues, which we applaud. At the same time we know that a number of companies are using their participation in the Global Compact principally as a marketing tool. These companies have failed to demonstrate a commitment to comply with the Global Compact principles. In fact, some are in serious violation of these basic principles.

If the Global Compact is intended simply as an open forum that includes all companies, regardless of their record, then you should make this clear. This would

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Marvin E. Frankel (1920-2002)

then limit the opportunity for companies to use their participation in Global Compact meetings for public relations purposes.

But if you see the Global Compact as a symbol of corporate leadership, as we hope you do, then the UN must develop a more transparent process for evaluating company participation. Companies that are not taking their commitments seriously should not continue to benefit from their formal association with the Global Compact.

We know that you have formed an Advisory Council to look at this and other issues. We know also that the Advisory Council is considering “integrity measures” aimed at addressing some of these concerns. To be credible, the Global Compact must have a transparent process, examining and addressing cases where participating companies are alleged to be in serious breach of their stated commitments to uphold the Global Compact principles. We strongly urge you to make the proposed “integrity measures” public before the Summit, so that they can be part of our deliberations. It is important that these measures be widely discussed and debated among all of the stakeholders the Global Compact seeks to serve.

2. Using the Global Compact to build and reinforce leadership models

For the Global Compact to succeed it also must adopt a more results-oriented structure and approach. The aim should be to encourage an ever-expanding group of companies to test and implement best practices related to the principles. To cite one positive example, last December nine multinational companies, including several Global Compact participants, initiated a joint effort to test their own policies and practices. They are using as a benchmark the UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights. As you know these Norms were adopted by the UN Sub-Commission on the Promotion and Protection of Human Rights in August 2003. We urge you to use your position of leadership to endorse this type of innovative effort. The UN can and should encourage more companies to implement best practices initiatives, with an explicit message that the UN encourages and expects this type of innovation.

This will require greater and more sustained follow up by your team to provide companies with practical options to implement the principles of the Global Compact. Let me give an example relating to our work. Last summer representatives of the Global Compact graciously invited Human Rights First to participate in a public forum in New York, addressing issues relating to the global supply chain. At that session we spoke about an initiative with which we are involved called the Fair Labor Association (FLA). Through the FLA a number of major apparel and athletic footwear companies based in the US and Europe are working with non-governmental organizations and universities to build a credible system of factory monitoring, public reporting and remediation relating to their supply chains around the world. Though we were pleased to participate in that meeting, there has been no follow up. The FLA would welcome an opportunity to introduce a larger

group of companies to its model through the Global Compact as a practical means of promoting corporate accountability. But the impetus for doing this must come from you and your staff.

3. Ensuring that the Global Compact reinforces other UN initiatives relating to business practices

We have been troubled by the unfounded attacks against the UN Norms on the Responsibilities of Transnational Corporations by some Global Compact participants. While we recognize that you cannot and should not prevent participants in the Global Compact from expressing their views, we think you can and should use the bully pulpit to reinforce your own commitment to supporting the UN Norms and other UN initiatives in this area. It would be appropriate and most welcome for you to express your own views on the UN Norms in your remarks at the Global Compact Summit later this month. We hope you will do so.

We reiterate our support for the idea of the Global Compact. We see the potential for the UN to play an important role in this critical area. However our view is that the Global Compact is not living up to its potential. To succeed and be credible, the Global Compact needs to adopt and implement much stronger systems of accountability, a more transparent process for evaluating company participation, and a more results-oriented approach to its work.

This is a critical moment for the Global Compact. The Summit later this month offers an opportunity for you to begin to address the challenges we have outlined in this letter. We very much hope you will do so.

In the interest of encouraging a vigorous dialogue on these issues, we would welcome your circulating this letter to others who will be participating in the June 24 Summit. Thank you for your interest and support for work in these areas and for your continued global leadership.

Sincerely,



Michael Posner

cc: **Louise Frechette**
Deputy Secretary-General, United Nations

Mark Malloch-Brown
Administrator, United Nations Development Programme

The Honourable Louise Arbour

United Nations High Commissioner Designate for Human Rights

Juan Somavia

Director-General, International Labor Organization