

# AMNESTY INTERNATIONAL

## Public Statement

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### **Address by Irene Khan, Secretary General of Amnesty International to the Opening Plenary of the Global Compact Leadership Summit 2007**

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Modern economic globalisation has dramatically reshaped our world, presenting new and complex challenges, among them the impact and influence of corporations on human rights. We live in a dangerous, endangered and divided world. A world made dangerous by violence, conflict and insecurity; endangered by environmental degradation; and divided by disparity and poverty. They underpin critical human rights problems. To have human rights on the agenda of business and the impact of business on human rights on the agenda of the UN is absolutely vital.

The value of the Global Compact is two-fold: first, it is UN-backed, and second that it is a truly global initiative. The UN brand is very precious and powerful -- and has attracted companies from all over the world to it.

The Global Compact is an important pioneering initiative of the UN -- a bold one, breaking into areas previously unfamiliar to the UN. For companies too the Compact provides a novel way to engage with multiple stakeholders, including civil society and understand their role in society. The Global Compact holds great potential to advance corporate social responsibility, including the protection of human rights.

The question that we need to ask is this: is that potential being fully realized? When we look at the external world, at what is happening on the ground, then I think all of us would agree that much more needs to be done to make the Global Compact a true compact for responsible corporate social behaviour. And so, I hope that the Summit will consider seriously what more can be done to make the Compact effective.

Bringing together over 3000 companies from all regions of the world, the Global Compact has acted as one "big tent", where companies can increase their awareness and understanding of social responsibility. The Compact is an important learning forum to share best practice and develop tools to translate principles into concrete policy. Learning is important -- change can't happen if companies don't understand what it is they are supposed to do and how they can best do it.

But learning alone is not enough to change behaviour. Many companies in the Global Compact are genuinely keen to learn and improve their performance, but unfortunately, there are also many who feel that membership of the Compact gives them an automatic seal of approval no matter what they do. And when that happens the integrity of the Compact suffers.

It is not enough for the Compact simply to teach and to insist on transparency and disclosure, and then let things be. It is easy to sign-up to principles when no-one will hold you accountable for implementing them

The Global Compact needs to find ways to hold participants accountable for upholding its principles. The delisting process that has come into operation recently is a step towards integrity -- but it is based largely on technical and procedural grounds, and is not being applied to ensure *substantive* compliance. Experience shows that voluntary approaches that incorporate compliance elements have much greater public credibility than those that are simply exhortations.

As a peer learning forum, all Compact members have an obligation to push each other to higher levels of performance. Amnesty International would encourage participants to consider a robust peer-review

mechanism. The best performing companies can help to raise the bar by holding each other to account. It is time to scale up on compliance.

The UN is a valuable brand, and both the UN and companies has a responsibility to make ensure that there are no free-riders in the Compact.

The Global Compact is a voluntary initiative. Voluntary approaches are important, but no matter how good they are, they have some *inherent* limitations by their nature of being voluntary: by definition they involve an "opt-in" approach (and therefore the possibility also of "opting-out" by companies). They do not -- and cannot -- deal with the so-called "laggard" companies, who will not join.

Looking at it from the perspective of human rights, voluntary initiatives have a limitation -- they offer some protection, for some human rights, for some people. This is problematic because human rights, by their very nature, are universal guarantees -- they apply to all people, in every part of the world at all times.

This is why Amnesty International, while supporting voluntary initiatives, is pressing for UN global standards on business and human rights that will apply across borders to all companies, whether they operate in China or Canada, Malawi or Switzerland. Such global standards will provide governments with clear, common guidelines on how to address corporate behaviour on human rights. It will help to create a level playing field, set some common expectations, and build trust among customers, shareholders, investors and the community.

Governments have the primary responsibility for human rights -- and global standards on corporate responsibility for human rights will also help clarify and strengthen their responsibilities towards companies and towards people.

That is why Amnesty International hopes that while the Compact itself is a voluntary initiative, the Compact as such and its members as individual companies will support binding global standards and contribute to their development in the United Nations.

There are many in the business world who are wary of more regulation -- and in particular regulation by international law. But business knows how valuable the rule of international law is in a globalized world. Business has supported the development of international law to protect its investments. Over the past decade the scale and scope of international economic law has expanded significantly. Numerous international investment agreements, trade agreements and arbitration mechanisms offer high levels of international law protection for investors.

I challenge business, and in particular, the Global Compact, to give the same support to expanding protection for human rights as it has done to ensure protection of business investment.

Unfortunately, there are still too many companies who are opposed to international standards to protect human rights. The Global Compact -- as the collective of business leaders committed to the UN and the rule of international law - can do much to change those attitudes and approaches.

Finally, is important to recognize that the Global Compact is one piece of a much larger puzzle. All of us -- the UN, governments, business and civil society -- must also put energy into addressing the other parts of the puzzle, including in particular the responsibility of governments.

The Global Compact is an important initiative of the UN -- and from its inception has been the personal initiative of the UN Secretary-General. By lending its name to the initiative, the UN has given a value to the Compact that no other voluntary initiative has. By leading the Compact, the UN has put its own reputation on the line. That creates a very special incentive for the UN to ensure that the Compact settles for nothing less than excellence.

There is a crisis of confidence of civil society in corporate social responsibility. Outside this room there are many who question whether there is real commitment to corporate social responsibility. The UN Secretary-General described the Global Compact as the world's largest global corporate citizenship initiative. If it is to truly live up to that grand title, this initiative must do more to win the confidence of the world's citizens.

Under the leadership of the Secretary General, I hope, the UN will work to strengthen the voluntary approach of the Global Compact and at the same time work actively to promote global standards on corporate responsibility for human rights that governments can enforce across the board. A robust,

coherent and full-rounded approach is vital for the credibility of the UN and of the Global Compact.

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