

Joint Civil Society Statement on the Global Compact and Corporate Accountability

July 2004

In response to the Global Compact Leaders Summit on June 24, 2004, we call on governments and the United Nations to examine critically the Global Compact and the corporate partnership approach it represents, and to deliver real corporate accountability in a legal framework.

The Global Compact Summit brings to the United Nations hundreds of business leaders who claim to promote “responsible corporate citizenship” through the Global Compact. The Compact is an agreement based on nine principles of human rights, core labor standards and environmental protection, but UN Secretary-General Kofi Annan defines it neither as a binding set of regulations nor as a code of conduct for companies but rather as a “dialogue forum” to promote mutual learning among companies. This approach cannot adequately address corporations’ negative social and environmental impact. The Compact distracts Governments and the UN from the necessary steps to establish an effective intergovernmental framework on corporate accountability. Moreover, the Compact and other UN corporate partnerships create undue corporate influence at the organization and weaken the work of intergovernmental processes as well as agencies, funds and programs such as WHO, UNDP, Unicef and UNIFEM.

Many companies such as Total, Shell, Rio Tinto, Nestlé and BP claim to be committed to the Global Compact, but they have violated principles of the Compact in the past and continue to do so. Under the Compact, these companies agree to the Compact’s principles but do not have to follow them. They demonstrate that the Global Compact provides little but a public relations cover for global corporate malefactors.

As representatives from a wide range of NGOs, we believe in a strong UN, fully funded by governments. We call on the UN to maintain the integrity of international environmental and social agreements and urge that it hold corporations accountable to these agreements in a legal framework.

Instead of bringing social values into the market, the Global Compact threatens to bring commercialism into the UN. It rewards rhetoric rather than deeds, and it undermines our efforts to bring a measure of corporate accountability, rather than purely voluntary responsibility, into the intergovernmental arena.

Secretary-General Kofi Annan has said that “*cooperation [with the private sector] must be managed in a manner that does not compromise the independence and neutrality of the United Nations...*”. We believe that the Compact does, in fact, compromise the UN. And we regret that some business leaders have been using the Compact to undermine more binding and effective international accountability instruments.

The case of a legally binding instrument on corporate accountability

Legally binding instruments on corporate accountability should include the establishment and enforcement of key environmental, social, labor and human rights standards, requirements for corporations to report to and consult with affected communities, extended international corporate liability, and improved anti-monopoly and anti-trust regulations. In addition, governments should work together more effectively to reduce corporate influence on government and intergovernmental decision-making processes.

This comprehensive agenda must be discussed in the most appropriate forum. All the world’s governments must be engaged in the process, so exclusive organizations such as the OECD would be inappropriate. Only the UN offers the right level of inclusiveness and legitimacy.

The Human Rights Norms for Business as a first important step

In August 2003, the Sub-Commission on the Promotion and Protection of Human Rights of the UN Human Rights Commission adopted *Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights*. The Norms represent a landmark step. They provide a succinct, but comprehensive restatement of international legal principles applicable to business concerning human rights, humanitarian law, international labor law, environmental law, consumer law and anti-corruption law.

The Norms do not create any new legal obligations, but simply restate and distil existing obligations under international law as they apply to companies. They cover a broad range of issues, including the rights of workers to a safe and healthy work environment and their right to collective bargaining; a balanced approach to intellectual property rights and responsibilities; transparency and avoidance of corruption; respect for the right to health as well as other economic, social, and cultural rights; women's rights; civil and political rights, such as the freedom of movement; consumer protection; and environmental protection.

The UN Norms do not circumvent or undermine the responsibilities of governments. In fact, they state at the outset that *"States have the primary responsibility to respect, ensure respect for, prevent abuses of, and promote human rights recognized in international as well as national law."* Nor do the Norms attempt to impose on business responsibilities that are not appropriate. Instead the Norms clearly state that companies have only responsibilities *"within their respective spheres of activity and influence."*

At the Johannesburg Summit in 2002, Governments clearly committed themselves to *"actively promote corporate responsibility and accountability"*. The new UN Norms would provide an important instrument to fulfill this commitment.

➤ Therefore, we call on the UN Secretary-General

- to support actively the UN Norms on the Responsibilities of Transnational Corporations, including welcoming their adoption by the UN Sub-Commission;
- to ensure wide circulation of the Norms to governments, UN bodies, specialized agencies, companies, trade unions, non-governmental organizations and other interested parties;
- to take personal responsibility for follow-through on the Johannesburg commitment on corporate accountability. The United Nations should, for example, organize a special global conference to discuss how to move from paragraph 49 in the Johannesburg Plan of Implementation to real action.
- to go beyond repositioning the Global Compact and instead to fundamentally re-design it as an instrument of real corporate accountability – or, alternatively, to disband it entirely.

➤ We call on Governments

- to support the UN Norms in all relevant fora of the UN system;
- to ensure the wide circulation of the UN Norms at national level to companies, trade unions, women's rights groups, non-governmental organizations and other interested parties;
- to commit to the promotion of a legally binding framework for corporate accountability and assist the United Nations Secretary-General in developing further steps – for example, by agreeing to host a global conference on the Johannesburg mandate.

See attached endorsements of the Statement.

Endorsements of the “Joint Civil Society Statement on the Global Compact and Corporate Accountability” (July 2004)

Kenny Bruno
EarthRights International

James A. Paul
Global Policy Forum

Jens Martens
World Economy, Ecology & Development Assoc.
(WEED)

June Zeitlin
Women’s Environment and Development
Organization (WEDO)

Daniel Mittler
Greenpeace International

John Cavanagh
Institute for Policy Studies

Ward Morehouse
Council on International & Public Affairs

Lucy Law Webster
Citizens for Global Solutions

Simon McRae
Friends of the Earth England, Wales & Northern
Ireland

Sonja Ribic
Pro Natura/Friends of the Earth Switzerland

Longgena Ginting
WAHLI/Friends of the Earth Indonesia

Frederic Thoma
Friends of the Earth Europe

Clarence Dias
International Center for Law in Development

Susi Snyder
Women’s International League for Peace and
Freedom (WILPF)

Shulamith Koenig
People’s Movement for Human Rights Learning

Michel Egger
Swiss Coalition of Development Organizations

Jean Fallon
Maryknoll Sisters

Joan Pytlik
Elizabeth Seton Foundation

Philo Morris
Medical Mission Sisters

Susanne Paul
Global Action on Aging

Also endorsed by:
Corporate Europe Observatory,
Sahabat Alam/ Friends of the Earth Malaysia, and
Berne Declaration