



human rights *first*

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June 1, 2005

Dear Mssrs. Ruggie and Kell:

On behalf of Human Rights First, I appreciate this opportunity to comment on the two documents you disseminated last month outlining your proposals for the future of the Global Compact: Global Compact's Next Phase - For Discussion and Note on Integrity Measures. As you know, Human Rights First has been involved in the Global Compact since its inception. While we were initially supportive of this initiative as a means of promoting greater corporate accountability for human rights violations, we continue to have serious concerns about how it has evolved and progressed.

As such, we are pleased that you now have undertaken a strategic review of the Global Compact, in anticipation of providing guidance to the Secretary-General over the next several weeks, and welcome the chance to offer our comments on that effort. Our concerns focus on three broad issues, as discussed below.

1. Ensuring the Integrity of the Global Compact

We have for some time been concerned about the use of the Global Compact by some companies much more as a marketing tool than a genuine attempt to improve the quality of their performance and accountability. We thus welcomed your efforts last year to strengthen the initiative by introducing the Global Compact Integrity Measures. However, as launched these did not include any transparent process for addressing cases where companies are alleged to be in serious breach of their commitment to uphold the Compact's core principles.

The Note on Integrity Measures now addresses this gap by introducing a complaints procedure. However, the text of the Note leaves quite unclear the degree of transparency of the process, including the extent to which the complainant is kept informed of the progress and whether the Compact office intends to reach out to other stakeholders (including interested non-governmental organizations) to determine the veracity of the complaint and the corporate response.

We welcome the step by the Global Compact to discontinue (after three months) the participation of companies unwilling to engage in this complaint process and encourage the Compact to make public its reasons for such a decision. Further, we encourage the Global Compact to look at initiatives such as the Fair Labor Association (in which we are an active participant) - which has in place a third-party complaint system to encourage all stakeholders to engage in improving corporate accountability for human rights.

The Note also recommends that companies which fail, for two consecutive years, to communicate their progress in implementing the Compact's principles will then be treated as inactive. We suggest, however, that a company which fails to comply with the minimum transparency obligations that the Compact imposes for two years should not simply be labeled inactive - but instead should be publicly removed from the participation list, with reasons provided as to why this has occurred.

2. Ensuring that the Global Compact Reinforces Other Relevant U.N. Initiatives

In your public statements and website, the Global Compact office has repeatedly emphasized the voluntary nature of this initiative. The commitments required of Compact participants are not onerous; they rely largely on the self-enlightened engagement of its participants.

In our view, the voluntary nature of the Compact and its emphasis on dialogue and learning makes it primarily an educational tool – rather than a viable means of enforcing corporate accountability commitments. At the same time, given the Compact's significant public profile, you are in a prime position to support other U.N. initiatives that seek to press companies to confront their human rights responsibilities.

One of the most prominent developments in this regard is the U.N. Norms on Responsibilities of Transnational Corporations. We have had the opportunity to comment extensively on the Norms as they moved through the U.N. human rights apparatus. The recent decision by the Commission on Human Rights at its 2005 meeting to recommend the appointment of a Special Representative on business and human rights is most welcome. It now requires a prompt, high-level commitment to ensure that it is implemented appropriately (including with respect to ensuring that the individual selected as the Special Representative has the proper background, experience, and temperament).

Yet the discussion paper you circulated - after the above-cited Commission decision - does not state how the Global Compact would work with the Special Representative, nor its relationship (if any) with the Norms. We view this as an unfortunate omission, and would welcome your input and feedback on this.

3. Ensuring the Participation of a Broader Range of Stakeholders in Compact Development

It is essential that all of the Global Compact's stakeholders - including companies, labor unions, NGOs, and the U.N, itself – are fully engaged in the effort to develop corporate practices that do more to respect and promote human rights. As such, we find it curious that on the newly-constituted Compact board, of the proposed twenty members eleven seats are reserved for companies, compared with just four for civil society and two for labor representatives. This imbalance is likely to exacerbate existing concerns that the Compact is heavily tilted in favor of corporate interests and approaches. If the Compact is serious about being a genuine "multi-stakeholder" initiative, a more equitable allocation of board seats should be found and implemented.

With the introduction of a complaints procedure and the possibility of using a more transparent mechanism for dismissing non-compliant reporting companies, the Global Compact has taken important and admirable steps designed to strengthen its integrity. However, as the above comments reflect, the Compact still has a long road to travel. We urge you to move beyond the educational and outreach elements of the Compact and advance a stronger approach to corporate accountability - while also ensuring a more diverse representation in Compact leadership ranks. These steps are more important than ever if the Compact is to play a meaningful role in promoting the effective protection and promotion of human rights.

Sincerely,



Michael Posner
Executive Director