

LEADERSHIP, GOVERNANCE AND HUMAN RIGHTS

The 2003 Business and Human Rights Seminar

Speeches



Mary Robinson

Opening remarks

Ladies and Gentlemen,

It is a pleasure to welcome you all to the 2003 Business and Human Rights Seminar. This is the first of what is hoped will become an annual event to explore the nexus between human rights and business. There couldn't be a better time to hold such an annual conference than on the eve of international human rights day - 10 December - the day the Universal Declaration of Human Rights was adopted by the United Nations in 1948 – 55 years ago.

I am very pleased to see such a distinguished and diverse audience of leading thinkers in human rights and business from civil society, academia and government here today. But I am particularly pleased to see so many representatives from the business sector itself. Events like this are only of value if they are of direct relevance to government, civil society and business representatives alike.

Those of you involved in the early stages of planning for this Seminar will have been aware that my friend and successor as UN High Commissioner for Human Rights, Sergio Vieira de Mello, was committed to being here with us today. His tragic death in Iraq, as well the loss and injury of so many other colleagues, reminds us again that the struggle for human rights goes on and requires renewed determination and action. I am sure that we all wish to pay our respects to the work of courageous and dedicated human rights defenders – women and men from every part of world - who endure heavy risks to uphold the fundamental rights we will discuss today.

Let me begin by recalling the words of Eleanor Roosevelt, the first Chair of the UN Commission on Human Rights, when it delivered the Universal Declaration to the General Assembly in December 1948. She said at the time that human rights begin in “small places, close to home” and must be upheld “in the office, on the farm and in the factory.” The Universal Declaration proclaims the responsibility of “every individual and every organ of society” to “strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition...”

We all know how far we are from living up to the Universal Declaration's words. Much of the human rights story for 2003 has been bleak. Leading experts and activists fear that the human rights movement is under attack and faces a historical reversal that may force the whole enterprise into retreat. They fear the erosion of civil liberties post 9/11 and a lowering of respect for international human rights values. They point to the loss of credibility of some human rights bodies, such as the UN Commission on Human Rights, and unprecedented diplomatic undermining of new human rights institutions, notably the International Criminal Court.

And if we look at progress towards achievement of the UN Millennium Development Goals, we see even more starkly how fundamental rights to life, to adequate food, health care and education among others – remain unfulfilled on a massive scale. We all know the statistics:

- 6.3 million children die each year of hunger.
- Every twenty-four hours, more than 30,000 children around the world die of preventable diseases.
- Over 120 million children will never go to school, and the majority of them are girls.
- Women are still the poorest of the world's poor - eight-hundred million of them - representing two thirds of those living on less than a dollar a day.
- A thousand million people are still without access to clean water supplies and 2.4 billion people lack access to basic sanitation.

Why do we continue to fall short? At the heart of the problem, I believe, is the continuing lack of accountability for failure to live up to international human rights commitments. We haven't found effective means through which to pin governments to the legal obligations they have made, under the treaties they have ratified, to implement rights.

The issues of accountability and good governance have become more complex due to the changes brought on by globalization. In significant ways, power has shifted from the public to the private, from national governments to multinational corporations and international organizations. The top 200 companies today represent a quarter of world GDP. International institutions influence economic and social policy in many countries as never before. People increasingly perceive their respective national governments to be unwilling or unable to stand up to or influence their political and economic conditions. This has resulted in gaps in accountability for human rights protection and an absence of transparency and broad public participation in critical policy decisions.

At the same time, there continues to be a lack of recognition that some countries will not be able to meet their human rights commitments because the resources needed to make change simply don't exist. Just as civil liberties cannot be ensured without effective police or judicial systems, economic and social rights won't be progressively implemented without functioning education and health systems. Dealing with these governance gaps is the central challenge of our times.

So what does this mean for business? I must emphasize my firm conviction that ensuring respect for human rights remains the primary responsibility of national governments. Independence of the judiciary, freedom of opinion and expression, accountable public institutions, open and fair elections, access to basic social services - all provide the framework for democracy. They also contribute to a healthy environment for investment and economic growth. It would not be appropriate or desirable for business to take over government responsibilities for policy making nor those of law enforcement.

But we must also acknowledge that there have been and continue to be companies of every size whose policies and practices run counter to international human rights, labour and environmental standards. An extreme example is found in the recent expert reports within the UN Security Council on the 'Illegal Exploitation of Natural Resources and Other Forms of Wealth of

the Democratic Republic of Congo'. These reports highlight the negative role some parts of the private sector have played in that country and its impact on the rights of millions of people.

I believe the reason we are all here today is because we recognize the need to broaden consensus about what is expected of a responsible business in the world today and determine what mechanisms of accountability can best achieve positive results. Clearly, we need a vibrant private sector that creates decent work and useful and sustainable products for people. Companies rightly point out that they bring benefits to the world, both directly through the goods and services they provide, but also indirectly through the creation of jobs and the resulting economic development needed to drive social progress.

The harshest critics of the private sector have been slow to acknowledge this vital contribution. They should - not only because it is true - but because it would underpin their main argument which is also true: that if companies make an indirect and positive contribution to governance and development, they can equally cause direct and indirect harm, in particular, where national governments are weak.

Businesses do influence, depending on their size, product or service, methods of operation, location and so on, the communities and nations of which they are part. And so can legitimately be called on to ensure that at a minimum, their policies and activities do no harm to human rights.

A growing number of businesses have responded to this understanding. Some of the best work to date has resulted from businesses coming together in their industry sectors with governments and civil society to address specific concerns. We have seen this, for example, with the Principles on Security and Human Rights for extractive industries and the 'Equator Principles' in the financial sector.

But it is also true that many human rights challenges have still not been given proper attention by most corporate leaders. Consider perhaps the most urgent challenge - combating HIV/AIDS. In 2003 alone, another five million people have been infected and another three million have died of AIDS-related diseases. A new report by the World Economic Forum's Global Health Initiative suggests that while many firms are concerned about current or future impacts of AIDS on their businesses and their communities, few have implemented measures to counter the threat.

So where do we go from here? How can we work together to foster good governance at every level of society - corporate, civil society, national and international - governance that is transparent, responsible, accountable, participatory, and responsive to the needs of people?

First, I believe we should reflect on the limited extent to which ad-hoc and voluntary responses to governance challenges, no matter how successful, can achieve the results required. Many of the corporate leaders I speak with also tell me the more they do in terms of their own corporate social responsibility activities, the more they are asked to do.

I believe there is a real need to move the debate forward on the value of an authoritative and comprehensive statement of the responsibilities of companies in relation to human rights.

I am very pleased that after lunch we will be focusing on the contribution of the UN Norms on the responsibilities of business for human rights that were adopted this August by the UN Human Rights Sub-Commission. I am pleased that David Weissbrodt from the University of Minnesota, a member of the Sub-Commission and one of the co-authors of the Norms, is here with us to discuss this new development.

The Norms have been the subject of much debate between business and civil society organizations and increasingly within the business community itself. I am pleased to be the Honorary Chair of a three-year process, the Business Leaders Initiative on Human Rights, being led by 7 international companies, who have decided to include an analysis of the Norms in their work. Rather than dismissing the Norms out of hand, or falling victim to the misunderstandings and spin about the Norms that currently dominates the debates on all sides, these companies have committed themselves to a constructive approach. They are testing the extent to which the Norms could be used as a tool for operationalising human rights policies and practices within their companies. We will hear about their initial experiences from senior executives of these companies during our discussions today.

To conclude, I wish to be clear in stating my view that more attention to human rights does not necessarily mean business doing more. It might mean, for example, business speaking out more clearly about the responsibilities of Governments, NGOs and other actors. It might mean businesses taking less of a philanthropic approach to corporate social responsibility and instead being more strategic in some of its interventions to best deliver sustainable change and the empowerment of government and civil society.

But the notion of a fair ‘division of labour’ between different societal actors is only possible if governments, NGOs, trade unions and business are governed by the same standards of accountability and transparency.

I hope that today will provide an important impetus to an international effort to clarify the role of business in ensuring greater respect for human rights and how human rights can be a key element of successful business strategy. We have excellent speakers with us to signpost some of the possible steps in the year ahead.

This is a very complex and challenging area but it is also an unavoidable one for all those committed to universal values and good governance. There are no easy solutions. But there is a need for a constructive dialogue that moves the discussion beyond the ‘comfort zones’ of the traditional roles and towards shared understandings and commitments to new actions.

I very much hope that this will be the spirit of the day – a challenging and honest exchange founded in the knowledge that there are no sustainable solutions to today’s human rights challenges that do not involve all actors.

Thank you.



Peter Brew

Associate Director, The Prince of Wales International Business Leaders Forum

Introductory remarks from the Chairman of first panel – The central challenges in the governance debates and the role of human rights

- leading companies today are moving from a debate on policy to the challenge of turning policy into practice
- the mainstream governance agenda includes issues of local economic impact, health, corruption, environment and of course human rights,
- the UN Global Compact and the UN Millennium Development Goals have highlighted the role of business to tackling a range of economic and social challenges,
- the boundaries of responsibility for economic and social development between governments, the multilateral agencies, civil society organisations and business are shifting and there is a recognition of the need for them to co-operate more effectively; the challenge is to make it happen in practice,
- guidelines developed by the International Business Leaders Forum suggest that companies might review their ‘boundaries’ by the following categories:
 - The Basic ‘Non-Negotiables’ – obey the law and stay in business,
 - The Complex ‘Non-Negotiables’ – manage risk and minimise harm,
 - The ‘Negotiables’ – create positive solutions beyond what is required by law, risk management and the protection of short-term value,

Final plenary session – key conclusions

- 1) There is a demand for accountability and transparency on human rights issues across all sectors. There remains an unresolved tension between the supporters of voluntary and mandatory approaches. The boundaries of responsibility between sectors for human rights and other social challenges sectors are moving and new frameworks for co-operation are emerging.
- 2) Leading companies are committed to policies on human rights. The challenge now is to move from policy to practice – from aspiration to reality. Effective management of supply chains is integral to progress.
- 3) Collective action by companies around is proving to be an effective response to a range of social challenges including labour standards and workplace conditions. Concrete examples of collective action are emerging as useful models for replication. Intermediaries can help by creating neutral platforms and ‘safe havens’ within which companies can work together.

- 4) There is a growing willingness on the part of companies to engage in dialogue on human rights and other social challenges. The Business Leaders Initiative on Human Rights is a genuine attempt by business to test the effectiveness of the UN Norms as a practical tool. The business community needs to join in the public policy debate on human rights challenges.



Jeremy Hobbs

Executive Director, Oxfam International

Ladies and gentleman. Thank you for the opportunity to address this very important seminar.

Oxfam International is a rights based development organisation – a confederation of 12 affiliate with programs in 108 countries. The focus on the rights-based approach has led Oxfam to take a campaigning approach on key issues; trade, security and financing development. Oxfam works with business in many ways; through advocacy, corporate sponsorships and partnerships and in co-programming. Oxfam is a member of the advisory council of the Global Compact, and is a Charter Member of the Global Reporting Initiative.

I have been asked to discuss the central challenges in Global Governance and the role of human rights.

Rights based approach.

Last month Oxfam International held a forum of key partners and allies from all over the world to consider how we should work in a post-Iraq, post-Cancun world. The forum concluded that US unilateralism in both foreign policy and trade policy has dangerously weakened an already flawed and weak multilateral system, where the legitimacy of the UN, the Bretton Woods institutions and especially the WTO are already in question. Some of this lack of legitimacy is to do with the abuse of power, poor governance and accountability, and some to do with poor performance of the institutions themselves.

My proposition is that business has, both knowingly and unknowingly, been part of the problem and has contributed to weakening the multilateral system, which is, after all the cornerstone of universal human rights. All the work in the world on Corporate Social Responsibility stands for nothing if companies are part of the political process that undermines multilateralism and denies millions people their rights. The failure of Cancun has done just that.

Secondly, as key actors in global trade and thus major engines of wealth creation, TNCs need global standards to ensure wealth creation does not happen at the expense of the human rights of poor people, communities or destruction of the environment and indeed leads to equitable redistribution. The UN Norms are the crucial foundation for addressing this.

Trade and political influence.

Many hoped, naively perhaps, that Cancun would be the multilateral success that offset the trauma of Iraq, and that a successful meeting could resurrect multilateralism.

The Doha Trade Round had been agreed to on the basis that it would deliver a development agenda. A lot of developing countries had been very sceptical of signing on to a new trade round after the disappointments of the Uruguay Round. Commitment to the elimination of agricultural subsidies in Europe and North America, providing market access to developing countries and ensuring that poor countries had access to essential drugs and medicines, were the basis of the Doha deal.

So consider why Cancun failed. It took nearly 2 years to get a deal on TRIPs and drug patents after the Doha agreement, because of the intransigence of US based drug companies and one in particular, putting at risk access to essential medicines for millions, including those suffering from HIV. Every other country was in favour of the basic proposals on TRIPs, but the US held out. Even now the agreement on drug patents and generic medicines is not satisfactory. This was a major sticking point and one that sapped the Round of momentum.

In May, the Director General of the WTO Dr Supachai said that he was deeply concerned that all the negotiation deadlines had been missed. On top of the medicines deadlock, there had been insufficient progress on agriculture, reflecting the inability of the EU to get member states to reform the CAP. Ostensibly it is the small farmers who need the CAP but we know that in fact the payments are skewed strongly towards larger farms and agribusiness – 5% receive nearly 50% of the subsidies. What is less clear is which companies lobbied in favour of no change – quite a lot of the large companies have come out in favour of CAP reform since Cancun. At any rate we were not aware a strong voice from business advocating CAP reform.

At a conference two weeks ago, the former Prime Minister of Portugal, Antonio Guterres called agricultural dumping in the third world a fundamental abuse of human rights. They have destroyed subsistence agriculture and livelihoods by the million and continues to do so. With ninety seven percent of the world's farmers in developing countries, agriculture is the most important development issue in the trade round.

It was not just Europe. The US cotton lobby made sure that nothing occurred to upset the current cotton regime which hands nearly US\$4bn to 25,000 farmers annually. US cotton subsidies threaten the livelihoods of 11 million cotton farmers in West Africa but the best the US could offer the world's most efficient cotton farmers was development aid to get out of cotton into something else. The African countries were outraged.

Europe's insistence on the so-called Singapore Issues was the other meeting wrecker even though it was dropped at the last minute. In particular the one on investment which would have thrown developing economies open to significant levels of Foreign Direct Investment without the ability for those countries to discriminate in favour of their own industries and enterprises and with no commitment to investor obligations in favour of environmental or social standards. There is clear evidence that European service companies strongly favoured the Singapore issues being included.

However you look at this, it is clear that corporate interests dominate trade and therefore multilateral negotiations. Two thirds of all trade is now between TNCs –around 500 companies. Many of the largest TNCs are more powerful than some countries. And there are 13,000 lobbyists in Brussels – one for each staff member of the EC. The WTO attracts enormous hostility in much of civil society as it is perceived – rightly or wrongly - to be in the thrall of big business and corporate-driven globalisation, promoting neo-liberalism over human rights.

The tragedy of Cancun is that the economic hopes – and economic rights – of millions were smashed under the Chairman's closing hammer because of the intransigence of rich countries and the companies that lobbied against change.

Let's be clear about the kind of multilateralism we want. To be credible it needs to be democratic, accountable and should properly balance the interests of governments and business with the rights of people – they are often not the same thing. Human Rights language in the trade arena could be a powerful way to introduce ethics where they have often been absent.

In the case of the WTO there is a problem with coercive multilateralism. Under the rubric of equal votes and consensus – on the face of it a democratic and fair approach- poor countries are actually forced into binding deals and rules they do not. The difference of course for poor countries is that a bad result can lead to massive poverty and the denial of basic human rights for millions.

The WTO needs serious reform – it needs to become more open, transparent and accountable. While it would be naïve to demand an end to corporate lobbying, there should be far greater transparency on informal influence, with governments and the WTO obliged to disclose contacts and written submissions. The WTO itself needs to be more neutral and able to act as an umpire when things get underhand or out of hand. And like all multilateral bodies it needs its own complaints and review mechanism such as the Inspection Panel at the World Bank.

However one might hold business lobbying more accountable, there also needs to be a more positive approach, one that has key business leaders firmly committed to the development agenda and an end to what President Lula calls the rich countries preaching free trade and practising protectionism. It is interesting that a number of business groups have started to reach out to NGOs to talk about how to get the round restarted. We need a structured ongoing dialogue between government, business and civil society on how to achieve sustainable growth with equity and to rebuild the political momentum for a multilateral rules based trading system.

Private sector and global governance regulation.

While there have been very positive and progressive steps forward under voluntary codes, they are not of themselves sufficient. Oxfam is not opposed to voluntary codes provided that they are not an excuse to avoid standards but instead lead towards proper regulation that ensures fair distribution of the benefits of globalisation, especially in developing countries where governments cannot always stand up to powerful TNCs.

We have argued for extra-territorial legislation – companies should operate to agreed standards in their home countries. For many companies working offshore, that would imply extending home country practice overseas, so no need to learn new laws. There precedents for this in the US and Australia on corruption and paedophilia respectively.

We believe that over time the UN Norms should provide a foundation for the systematic uptake of standards into national legislation. Oxfam is not recommending a world body to regulate companies – rather that national laws are harmonised through a process that ensures they are consistent with human rights standards.

In conclusion, business needs to be held more accountable for its role in the political arena as well as in terms of human rights standards. It needs to be encouraged to participate more openly in the public debate and less behind closed doors. Governments

and multilateral institutions need greater transparency and better processes to ensure this happens and should adopt human rights language.

NGOs need to understand that business is neither monolithic nor intrinsically bad and that we need to work together on these issues if we are to revive the very fragile multilateral system we have today, in the interest of universal human rights.



James Ross

Deputy Chairman and Senior Independent Director, National Grid Transco plc

I am delighted to be here today representing National Grid Transco as a founder member of the Business Leaders Initiative on Human Rights (BLIHR) and to have the opportunity to take part in this seminar.

National Grid Transco is one of the world's largest private sector utilities. We focus on the transportation and delivery of energy – in the form of electricity and gas- and we aim to do so safely, reliably and efficiently

We own and operate the gas transmission and distribution systems in Britain, which deliver gas to some 21 million homes, offices, and factories, and the high-voltage electricity transmission system in England and Wales.

In the United States, we own and operate the electricity transmission and distribution assets serving over 3.2 million customers in New England and New York State and a gas distribution network serving over 500,000 customers in New York State.

Other electricity interests include interconnectors in the UK, US and Australia, and relatively small joint venture transmission networks in Argentina and Zambia.

So with that profile, which does not involve us in the temptation to employ child labour in third world manufacturing nor the extraction of raw materials in countries ruled by oppressive regimes, you might wonder why NGT takes human rights so seriously as to want to participate in such an initiative as this.

There are several answers to this.

Energy is of course important to every one of us. At the World Summit on Sustainable Development held in Johannesburg last year, sustainable energy, the provision of supplies to the socially deprived, and access to renewable energy were key topics for discussion.

We recognise that few economies in the world will flourish in the absence of reliable electricity and gas services. So dependable and affordable energy underpins sustainable development and makes a significant contribution to the quality of life of many people around the world.

The way in which utilities such as National Grid Transco manage and invest in both infrastructure and operations will impact on the comfort and well-being of the millions of people who depend on their services.

The availability of reliable, affordable energy supplies can be the stimulus to attracting inward investment, which, in turn, increases revenues to host governments in the form of taxes. Our services also help others contribute to economic prosperity.

Businesses and society are able to grow in the knowledge that they can rely on the security, reliability and affordability of our services. This is as true in up-state New York as it is in Zambia or Argentina.

So our basic economic and operational efficiency underpins the work of governments and other players in the wider economy to provide the jobs, security and economic benefits that can underpin the safeguarding of human rights.

And we can, and do, go further than straightforward economic efficiency by being involved with government schemes to eliminate poverty in, for example, the North of England and Scotland.

But of course human rights is as much about how we do business as it is about what business we are in.

When NGT was created out of the merger between National Grid and Lattice last year, with the help of our employees on both sides of the Atlantic and some 2,500 other stakeholders, we put in place a Framework for Responsible Business to address “how” we intend to do business. This framework has three dimensions:

- Sustainable growth
- Profits with responsibility; and
- Investing in the future,

and underpinning these three is a number of values through which we aim to manage our day-to-day activities.

Respect for human rights is one these values.

We believe that our future growth will only be sustainable if we respect the rights of those individuals who work for us or with whom we come into contact.

To turn this value into practical actions,

- We have revised our business development procedures to more formally include an analysis of human rights, terrorist activity, civil unrest, and the health and safety risks to personnel when identifying market opportunities;
- We apply this analysis to at both countries and companies when assessing their approach and record on human rights issues;
- And we have published a public position statement on human rights – available on our website¹ and there are copies available here today on the information table.

¹ http://www.ngtgroup.com/about/pdfs/HumanRightsPositionStatement_issue1.pdf

And I would like to take the opportunity to recognise the help that Chris Marsden and his colleagues at the Amnesty International UK gave us by challenging our thinking as well as given us the occasional gentle prod along the way.

By publishing this statement, we are signaling that we know we must be accountable for our actions.

Since we handle a potentially dangerous commodity – namely gas – safety, both of our employees and of the public is our overwhelming priority. We start every Board meeting and every senior management meeting with a consideration of some aspect of safety. Our aim is to have a working environment in which there are no safety incidents. We have not achieved that aim yet.

What is important in today's context is that our safety policies and practices are the same wherever we operate – in Zambia, in the US, in Argentina, Australia or the UK. And we have the same attitude to health and environmental issues; to issues of bribery and corruption; to diversity and equal opportunity.

It is not sufficient to live within the laws and practices of the country in which we operate. As a multinational company aspiring to be a global one, it is not defensible vis-à-vis our own employees, our supply chain and the communities in which we operate to apply one standard, for example, of environmental care in one country but to tolerate a lower standard in another – and the same applies to human rights.

Governments everywhere have the fundamental responsibility for upholding human rights. But as Mary Robinson correctly identifies in her foreword to the BLIHR report, “Business has been dealing with human rights issues for years, only using different labels”.

Business has the ability and the experience to support and reinforce governments and the attempts to raise standards in the underpinning of human rights. Equally, business often has the temptation and takes the opportunity to, at best, turn a blind eye and, at worst, to undermine the drive to reinforce human rights.

NGT welcomes this opportunity to share best practice and learn from each other in this vital field. Nothing will do more to weaken the cause of globalization than the flouting of human rights by the very organisations that seek to promote the economic and social gain of the global economy.



Dame Anita Lucia Roddick

Founder, The Body Shop and Anita Roddick Publications Ltd

“Business and Human Rights: lessons from the last twenty years”

Thank you for inviting me - I feel privileged being here in the company of you all and a little excited by the possibility of creating at best the recognition of some simple truths.

Photographer Brian Moody

So lessons I've learnt over the last 20 years? Well I guess progress has been made to get us to this point when putting the world's human rights and business in the same sentence does not result in condescending laughter. Conferences are being held, global compacts are being written and indeed some companies are all-a-flurry to sign up and pay up and thus be associated with any discussion on this subject.

All this is may be positive, but it's not enough in my view.

What we now have to do is to open our minds to the mounting evidence that much of the present human rights abuse - where marginalised communities are taking up arms to claim their independence or protect their resources - is caused by our own Western weapons and armaments industry; by our economic planning institutions like the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO), and by the unchecked power of multinational corporations, which are all looking in the face of what I believe to be the greatest catastrophe and greatest cause of conflict out there - poverty.

I believe those that are now in control - the economic governments, politicians and business people - will drive us off the edge. Global planning institutions are ignoring mounting evidence of impending social catastrophe that will leave widespread and dangerous inequality and insecurity. These institutions aren't working for the majority of humanity and the roots of conflict aren't found amongst the dispossessed and the poor, they are to be found within our global policies that lead them into retaliation.

So if the blind pursuit of licentious trade continues, political instability will also return big time. The rise of fascism, brutal nationalism, and ethnic racism we see on continent after continent are no accident. Demagogues prey on insecurity and fear. If we do not build an economic paradigm that helps sustain communities, cultures, and families, the consequences will be severe.

Half of the world's biggest economies are corporations. In case after case where commercial and human rights interests compete for attention, you can bet your bottom dollar that commerce prevails. Economic concerns are the driving force behind arms policies and take precedence over human rights abuses, where profits are more aligned with private greed than public good.

These truths as I see them, are the truths that I have garnered over the past couple of decades by getting up out of the chair and spending time with the marginalised and the disaffected, those mostly south of the equator and mostly in the majority world.

But businesses are not found in nature - they are created by humans and are therefore subject to the changes that humans can impose on them. As long as we can put some idealism back on the global agenda, seeing and understanding that corporations and institutions can and must be a force for positive change, then there is still a light at the end of the tunnel.

I am a great believer in small-scale economic initiatives. Viewed in isolation these grassroots initiatives are modest: ten women planting a tree, a dozen youths digging a well, an old man teaching neighbourhood kids to read - but from a global perspective their scale and impact are monumental. These micro enterprises, these organisations out there are a ragtag front line in the worldwide struggle to end poverty and environmental destruction.

By themselves, these Community Trade projects won't transform the global economy, but they do transform The Body Shop's thinking about our responsibility as a business. And I would rather be measured by how I treat weaker and frailer communities I trade with than by how great are my profits. And if all of us in business committed ourselves to such an attitude and such undertakings, big things would indeed happen.

We could keep rural life vital and feasible, rather than watch millions more stream into the squalor of the cities that can't grow fast enough to keep up.

We could help build political stability and sustainable democracy.

We could develop a new image and ideal of business that caused less transitional pain and more transformational economic gain.

The real backbone of world commerce and global employment is made up of the millions of unsung small enterprises that farm small plots of land, cook food, provide day care for children, make clay pots, do piecework for apparel makers and carry out countless tasks that larger businesses don't do.

In the cities of developing countries a growing percentage of the working population is engaged in micro enterprise activity - sometimes estimated as high as 50 percent. In Latin America and the Caribbean, more than 50 million micro enterprises employ more than 150 million workers. In China the number of small enterprises grew from one and a half million in 1978 to nineteen million in 1991.

They will also provide the main source of independence and empowerment for communities facing the icy winds of globalisation.

Travel provides insights and the biggest insight for me was poverty. So in my company we set up CT contracts for The Body Shop, I learnt a lot about trade and human rights. First that there is nothing new about trade, it was not invented by capitalism or industrialisation, but rather trade has existed as long as there have been human communities. The idea that there should be

human values implicit in the process of trade then is also thousands of years old and the co-operative nature of many of our suppliers in South America, Asia and Africa has been testament to this.

I am proud in some of the trading relationships we have been able to establish with producers that allow the value-added in terms of fair wages, business knowledge and community support to be returned to the supplier. Whether they produce handicrafts in the Philippines, sesame oil in Nicaragua, shea butter in Ghana or babassu nuts in Brazil – there is a place for each of these communities within the global marketplace if they are paid a fair price that reflects the dignity of the human beings involved.

This is why international trade rules need to reflect international human rights standards, why the International Labour Organisation's Core Conventions are central to any trading system and why universal human rights are not a desirable but an essential. Good business realises that there must be rules and minimum safeguards to protect the world's poorest from exploitation. I have visited enough 'free trade zones' on edge of third world cities to know that no government and no business should be able to buy themselves out of global society and everything that flows from the premise that 'all men and women are born equal just by being human'.

And so you may well ask, what about government? I've noticed it's a strange, crazy old world, as no matter how all of us in the Human Rights movement have been successful in raising consciousness of human rights abuses and no matter how bad things are, human rights violations no longer generate anger or action from governments.

Governments are failing to do enough to promote human rights. For example they continue to allow UK companies to trade in places like Burma, they continue to sell arms to Indonesia.

I've not met one government that has any spiritual dimension in its leadership or an absolute dedicated commitment to human rights. Why should they? They are economic governments. They don't measure their greatness by how they look after the weak and the frail. As did Franklin Roosevelt when he said "goods produced under conditions which do not meet a rudimentary standard of decency should be regarded as contraband and ought not to be allowed to pollute channels of interstate trade."

Thus the politics of human rights are too important to be left to the politicians. And it's also much too important to be confined to the hallways, offices and parliaments that politicians lurk around in. We have to free politics from its cage, fire it out into the world where it can be a noisy instrument of popular expression.

So it's time to look to other players to participate in that arena. Maybe business might play that part. It's certainly better resourced than the non-profit sector, and it's certainly more dynamic than government, so maybe business should be obligated to play a bigger role in the field of human rights.

But the sad fact, it's not going to happen.

What it should be doing is ensuring every major business can begin by ensuring that their own practices, and those of their suppliers, honour the Universal Declaration of Human Rights and open their operations to scrutiny from human rights groups.

Because there is always someplace in the world that is a little worse off, where the living conditions are a little wretched. Just look at industry after industry in search of even lower wages and looser standards. From Europe or the US to Taiwan to Malaysia. Each country is just another pit stop in the race to the bottom. The new frontier is China, where wages and environmental standards are still lower and human rights abuses even more sordidly suppressed. The new nomadic capital never sets down roots, never builds communities; it leaves behind toxic wastes and embittered workers.

Second, business must listen to voices of the human rights defenders when making investment decisions and I don't just mean large investments.

Everyone agrees on one important thing: business is now entering centre stage. It is faster, more creative and wealthier than governments - particularly the governments in developing nations who depend upon their expertise - but if it comes with no moral sympathy, or honourable code of behaviour, God help us all.

We need business to be accountable and to base its international behaviour on the charters and treaties on sustainability and human rights - so happily signed by governments the world over, but easily ignored by them.

We need international institutions embracing the social and environmental agenda whether that's the European Union Social Chapter or a new clause for the World Trade Organisation Charter, reflecting the broader social and environmental agenda.

We need to recognise the rights and contributions of indigenous people who bring vital leadership to the task of conserving the earth and its creatures in creating a new life-affirming global reality. We need to understand that indigenous wisdom constitutes one of human society's most important and irreplaceable resources.

So where will change take place?

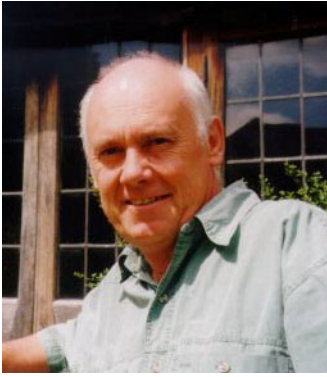
I believe it will be with the vigilante consumer. These are not the old hungry consumer, these are ethical watchdogs, campaigning, funding and demanding change, and all over the world there are organisations representing workers, religious communities, students, human rights activists, consumers and ordinary citizens, who view worker rights in a global economy as indivisible and inalienable human rights, and who believe that now is the time to secure them for all on the planet. Who recognise their own responsibilities and power to make a difference?

These vigilante consumers pledge to undertake public education, research and social activism to empower citizens in our nations to support the brave and growing worker movements in Asia, Africa and the Americas. As they fight for the right to band together and create new democratic workplaces and societies in their own nations and who will work to create the new global democratic institutions that will ensure economic justice and dignity for workers and citizens everywhere.

Out in the real world, beyond the radar screens of the media and political classes – something is truly massing, something bigger than most of us have yet realised – something that is beginning to look like a genuine, authentic global revolution.

The dehumanisation of this new global workforce is emerging as the overwhelming moral crisis of the 21st century. The struggle to create enforceable worker and human rights laws, fair wages and human dignity for billions of global workers has become the great new civil rights and social justice movement of our time.

Thank you.



Chris Marsden OBE

Chair, Amnesty International UK Business Group

Introductory remarks from the Chairman of second panel – The United Nations Norms on Business and Human Rights

The world is struggling to govern itself. It may well fail. The post cold-war hegemony of market capitalism combined with the explosion of networking technology has created a global market place, which pays scant regard to national boundaries. Traditionally strong national regulatory systems are being weakened by the perceived needs of national competitiveness, while the peoples of countries with weak or corrupt governance are exploited further by both external and internal forces. In order to work effectively and for the common good, markets have always required governance – rules and their enforcement. The global market place lacks good governance. What form it might take and where it might come from is the subject of this session.

What is certain is that in the words of the Declaration of Human Rights ‘every individual and every organ of society’ has a role to play with their sphere of influence. Multinational companies, like ABB, and NGOs, like Amnesty, have seen their sphere of influence grow hugely in recent years and so, consequently, has their responsibility to participate in issues of governance. This is not to deny the continuing dominant role of national governments. It simply recognises the reality of where power and influence lie in the global market place and the need for all power holders to play an active and responsible part in its governance.

The Norms are a product of this struggle towards better governance. They are the approved product of the UN Human Rights Sub-Commission, but after years of consultation. They are a welcome contribution to the governance particularly of multinational companies – supporting companies in their evolving self-governance processes and providing those who want to influence the behaviour of such companies with clear statements of legitimate expectation. Many companies have signed up to the Global Compact or support the OECD Guidelines, which require companies ‘to respect human rights’. The Norms simply spell out what ‘respecting human rights’ by a company actually means in practice.



Professor David S. Weissbrodt

U.S. member of the U.N. Human Rights Sub-Commission, and participant in drafting the Norms

John Morrison has asked me to talk about the process of drafting the Norms of Responsibility of Transnational Corporations and Other Business Enterprises in Regard to Human Rights for the United Nations.²

During the drafting process there were certain approaches that have remained constant and others that have evolved. The Norms have, since the beginning, noted the primary responsibility of governments to protect human rights and have evinced a strong commitment that nothing in the Norms shall diminish the human rights obligations of governments. Hence, the most important paragraph of the Norms is the first, which provides:

- 1. States have the primary responsibility to promote, secure the fulfilment of, respect, ensure respect of and protect human rights recognized in international as well as national law, including ensuring that transnational corporations and other business enterprises respect human rights. Within their respective spheres of activity and influence, transnational corporations and other business enterprises have the obligation to promote, secure the fulfilment of, respect, ensure respect of and protect human rights recognized in international as well as national law, including the rights and interests of indigenous peoples and other vulnerable groups.**

That primary provision also attempts to handle the much-debated problem of how the Norms will apply to such different entities as transnational corporations, national companies, and even local businesses. Each will be responsible according to their respective spheres of activity and influence. There are some members of the U.N. Working Group and the Sub-Commission who proposed that the Draft Norms should apply only to transnational corporations, but the great majority believed that the Norms should establish a level playing field for all businesses, while always being aware of the great power and thus responsibilities of transnational and other large companies. We have also confirmed that the Norms will not be too burdensome on very small companies that do not have an impact outside of their locality.

A second constant orientation of the Norms has been their very broad approach to human rights. I have been told that the Norms may be more comprehensive than any of the international legal or voluntary codes of conduct which have been established by the ILO, OECD, European Parliament, U.N. Global Compact, trade groups, individual companies, unions, NGOs, or others.

The Norms include the right to equality of opportunity and treatment; the right to security of persons; the rights of workers, including a safe and healthy work environment and the right to collective bargaining; respect for international, national, and

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You can find the U.N. Human Rights Norms at <http://www1.umn.edu/humanrts/links/norms-Aug2003.html>. The Norms are supplemented by a Commentary which you can find at <http://www1.umn.edu/humanrts/links/commentary-Aug2003.html>.

local laws and the rule of law; 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; other civil and political rights, such as the freedom of movement; consumer protection; and environmental protection. In respect to each of those subjects, the Norms principally reflect, restate, and refer to existing international norms.

Aside from those two basic objectives, however, the Draft Norms evolved considerably in other respects. At first the Draft Norms took a rather agnostic approach to implementation. I asked the U.N. Working Group when I presented the first draft in August 2000: Should the Norms be voluntary like the Global Compact, the ILO Guidelines, or OECD Guidelines or should the Norms be binding in some respects? The Working Group and its parent body, the U.N. Sub-Commission, have responded to that question: They wanted a document that was broadly applicable to all companies and not just to the companies that indicate their desire to participate. The Global Compact has been very successful in educating and encouraging about 1000 companies to join, but there are about 75,000 transnational corporations in the world. What about those other 74,000 companies? Accordingly, the Norms would apply to all companies. But at the same time the Sub-Commission did not believe that the U.N. or the world at large is ready for a legally binding treaty. This instrument, however, could be similar to many other U.N. declarations, principles, norms, guidelines, standards, and resolutions which interpret existing international law and summarize international practice without reaching the status of a treaty.

The Norms do endeavour to include some basic implementation procedures and anticipate that they may eventually be supplemented by other techniques and processes. First, the Draft Norms anticipate that companies will adopt their own internal rules of operation to assure the protections set forth in this instrument. Second, the Draft Norms indicate that businesses are expected to assess their major activities in light of its provisions. Third, compliance with the Norms is subject to monitoring that is independent, transparent, and includes input from relevant stakeholders. Fourth, if companies violate the Norms and cause damage, the Norms call for reparations, return of property, or other compensation.

I hope I have afforded you at least some service by summarizing the contents of the Norms and giving you a sense of the orientation of its principal author.

I would like to hear your comments, questions, suggestions, and criticisms, but before I do, I want to let you know the process by which this document will be considered and how you can get more involved. This document has been in preparation since August 1999. It has been through four public hearings at the U.N. in Geneva during the summers of 2000, 2001, 2002, and 2004 as well as a meetings during March 2001 and 2003 in Geneva at which representatives of business, unions, NGOs, the scholarly community, and other interested persons were very much involved in reshaping the document.

We also posted the various drafts on the World Wide Web and in U.N. publications, so that they were accessible and open to comment. All of the comments received have been taken into account in the drafting process.

After receiving the recommended text from the Working Group, the U.N. Sub-Commission unanimously adopted the Norms on August 13, 2003. The Sub-Commission sent the Norms to its parent body, the U.N. Commission on Human Rights. Unlike the Sub-Commission, which is comprised of 26 independent experts from different nations, the Commission is constituted by 53

representatives of governments. The Commission ordinarily meets each year from mid-March until the end of April, so that the earliest that it could consider the Norms would be March-April 2004. The Sub-Commission submitted the Norms in such a way that the Commission would not be compelled to act immediately, but could await an initiative by one or more members to bring the matter before the body as a whole. It is extraordinarily unlikely that the Commission would act upon the Norms without several years of consideration – before it is eventually submitted to the Economic and Social Council of the United Nations, and ultimately to the General Assembly for adoption. At the same time, however, any of these bodies could adopt the Norms as their views – carrying some degree of United Nations and thus world support. Obviously, the higher the U.N. institution, the more authoritative would be the imprimatur the Norms would obtain.

Even in their present format, however, the Norms have begun to be used as the basis for action. For example, some investment institutions have considered using and could further apply the Norms as a basis for their identification of socially responsible companies. Some nongovernmental organizations, such as Amnesty International, Christian Aid, Human Rights Watch, Lawyers Committee for Human Rights, and OXFAM have already been using the Norms as the basis for their advocacy of corporate social responsibility. Some companies, such as the participants in this seminar, and the International Business Leaders Forum have expressed support for the Norms as a way of understanding their commitment to the Universal Declaration of Human Rights.

I look forward to your comments and suggestions during the discussion period.

Thank you.



Björn Edlund
Group Senior Vice President, ABB Ltd

“Check against delivery”

Ladies and gentlemen,

It’s a pleasure being here. I work for ABB. We build electricity grids, transmitting and distributing power from the power station to your wall sockets. And we make industry automation equipment that helps improve productivity – motors, machines, robots and control systems. All with the aim of lowering energy use, environmental impact and the utilization of natural resources, while improving performance.

Sustainability – as measured on the Triple Bottom Line – comes naturally to us. Many of our more than 400 factories and about a third of our people are in the South. We’re a company that feels at home everywhere. To us, as to the other companies in the Business Leaders Initiative on Human Rights, a positive involvement in human rights is an obligation. It is the right thing to do. It is also a daunting challenge, which we need to address in many ways, from company policy to daily practice. Our human rights involvement is an extension of being part of the communities where we do business. It is also a way for our some 120,000 people to understand how they and ABB contribute to human development, as well as to economic development.

The leadership of ABB believes that the route to a better this world lies partly in what today is called corporate social responsibility (CSR). CSR is a newer label for an age-old insight – no company can live purely in the economic sphere.

Through our employees and business partners, through the communities where we do business and our governmental contacts, businesses like ABB have always been part of society beyond the purely entrepreneurial arena. To us in ABB, corporate social responsibility is diligence, duty and decency by another name.

Today, the societal aspects of company performance are in focus – and rightly so. The biggest single obstacle on the way to a better world is poverty. Poverty is also the biggest human rights issue. At ABB, we believe our business can play a constructive part in the fight against poverty, if we balance our activities right.

Defining the spheres of influence and the realms of responsibility of business in society is a challenge in itself. I believe it will by necessity remain a moving, dynamic target – as sensitivities, needs and obligations are created in the interplay in society between the different stakeholder groups.

Our decision to join the Business Leaders Initiative on Human Rights is based on the understanding of the leadership of ABB that business has both a responsibility and a role to play – and that there is a need to get that role better defined.

As we say in the business leaders' statement in our first BLIHR report: "Our intention is to find practical ways of applying the aspirations of the Universal declaration of Human Rights within a business context and to inspire other businesses to do likewise."

Our involvement in BLIHR is, furthermore, based on our conviction that standards, codices and norms must undergo "field testing" – as we move to make a living reality of the commitment we took when signing the UN Global Compact.

At this point, it falls on me as a representative of business on this panel to explain why certain groupings in business – companies or business organizations – are sceptical to the UN draft norms on human rights for transnational and other businesses. Talking to representatives from the International Organization of Employers about the IOE's and the International Chamber of Commerce's criticism of the norms, only last week, we learned this:

On the positive sign, the content of the draft norms is seen as a good reflection of the obligations of businesses, within their spheres of influence. That's the good news – there is no real problem with the content. The criticism concerns the awkward way the draft norms have been fitted into the legal framework, and the proposed roles of the UN and/or national governments in "policing" how companies adhere to the norms.

We must listen to such criticism, too, and test its validity as we develop toolkits for practical implementation of human rights policies and practices in corporations.

I have my own concern about the UN draft norms on one of the mentioned points of principle. I don't think it is practical or desirable to expect enforcement of the UN draft norms by the UN and/or national governments.

Business practices work best in competitive conditions – and not when they are set up purely to ensure compliance. Moreover, how could the UN do the work? And which government would police us in ABB – the Swedish or Swiss government, in the 100 or so countries where we operate? Or host governments, many of whom today are roundly criticized by human rights groups? I think we may be in danger of handing out a rather big stick that may be used wrongly.

We have proven, multilaterally agreed and certifiable measurements of sustainability performance along the three economic, environmental and social bottom lines. We have an opportunity now to extend such agreed performance frameworks to include human rights. I am thinking of the Global Reporting Initiative – which ABB and many other companies use to report sustainability performance. We should make sure that the GRI's social indicators cover human rights aspects.

Using an extended set of GRI indicators in an established framework would better promote positive business contributions to human rights, measure implementation, improve performance, identify and report on key issues – i.e. ensure that we can proactively manage this aspect of company activities the way we manage other aspects.

Working within the GRI framework – with or without third-party verification of results – may also help make the UN draft norms easier to accept and implement for a wider circle of transnational corporations. Broader implementation of the norms should surely be our goal.

The pragmatic approach of BLIHR is a signal to our peers in business to engage in the development of better practices in human rights – better governance, better norms, better day-to-day action. Important: the BLIHR is a toolbox project, not a soapbox initiative. Through application in practical life, exploration of solutions and ongoing dialogue, we can learn how to handle human rights in a way that makes us better employers, better business partners, better neighbours, and in the end better businesses.

Let me reiterate: the biggest human rights issue today is poverty. This surely means that economic development is part of the cure. As respected members of society, we can help find that cure in many ways, which may not be spectacular.

Within BLIHR, we in ABB will “field test” the UN draft norms in a project called Access to Electricity, which will help build local power generation in rural parts of Tanzania. We will also examine a dilemma, looking at how our supply management rationalization impacts on small and medium sized enterprises (SMEs). Will stricter standards have a positive or negative effect on such businesses? Or, may we unintentionally be locking out SMEs from taking part in trading with a large company like ABB?

Of course key macro measures are also needed to combat unequal conditions and promote better human and economic development. I’m referring to international trade rules, the issues of subsidies that stand in the way of progress for southern nations, improved governance, and the fight against corruption, etc. Businesses must push actively, not merely delegate input on policy questions to business associations. They too often must settle for low common denominators. We can’t change trade rules or abolish subsidies on our own, as companies, but we can act forcefully and positively within our spheres of influence – in liaison with other actors.

To conclude, we must act. Human rights are important to us all. It is something business is engaged in and must learn to contribute to in constructive and practical ways. Why? Let me quote Adam Smith, in words still relevant in our globalised age: “No society can surely be flourishing and happy, of which the greater parts of the members are poor and miserable.”

Thank you.

