

Taking stock: Corporate social responsibility and human rights

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Thank you for giving me this opportunity to speak to you today at the Public Eye on Davos. This is a very important forum. By its very title, this gathering acts as a reminder to the world leaders attending the World Economic Forum that international civil society is watching them. This community wants action, not words; it wants progress, not pronouncements. And it wants corporate accountability, not public relations.

Last year when I came to the Public Eye in New York, our discussions were overshadowed by the security concerns following the attacks of 9/11. These concerns, far from dissipating, have actually deepened with the threat of military attacks on Iraq. As some noted economists have pointed out, the economic effects of war with Iraq will not be good, particularly given the already gloomy economic climate and the total loss of investor confidence following the stories of corporate greed and misdemeanour. The mood at the World Economic Forum is very different from that of two years ago in Davos or even from last year in New York. The complacency and confidence of corporate leaders have been punctured.

At the World Economic Forum they are talking about "building trust" but are still reluctant to acknowledge that trust was lost, not when ENRON was exposed last year - but long before that. They have still to wake up to the message from crowds in Seattle and Genoa, to listen to those who are gathering in Porto Alegre today. They have to recognise that trust cannot be built without a radical reconfiguration of the way business conducts itself, and of its accountability, not only to its shareholders, investors and employees but also to the community in which it operates.

I believe that this is a very opportune moment to focus on corporate social responsibility. I would like to address two questions:

- First, where have we got to on CSR, particularly when it comes to human rights? What lessons have we in AI learned from them?
- Second, where should we be *going* on CSR issues? Can we continue the past we have trodden so far, or should we be looking for new ways to strengthen corporate responsibility for human rights?

CSR and human rights - where do we stand?

Amnesty International first adopted policies to engage with the private sector on human rights issues some 20 years ago. It was not until about 10 years ago, however, that such engagement became systematic. We now have specialised groups in a large number of countries who are regularly involved in discussions with companies on human rights issues.

All told, this work involves hundreds of individuals, most of them volunteering their time. They come from disparate backgrounds but include many people with considerable experience of the private sector. We work in a variety of ways, some less controversial than others, to promote human rights in the corporate sectors, from mass mobilisation to tabling shareholder resolutions to participating in voluntary schemes like the Global Reporting Initiative and the UN Global Compact to dialogue and training of corporate actors.

And what have we learned from our experience? Is CSR just "public relations"?

First, we can say that, over the past ten years, there has been a phenomenal growth in private sector *interest* in human rights. When we began our work it was difficult to make companies understand that human rights were relevant to the business world. Today, over 700 companies are participating in the UN's Global Compact, which lists human rights as one of the nine principles to which signatories must commit. Corporate social responsibility and human rights issues feature prominently on the agenda of the WEF. A number of large, well-known corporations have made explicit, written commitment to respect human rights in voluntary codes. This is the 4th year that Amnesty International and other human rights groups have been invited to the World Economic Forum. No responsible corporate CEO would deny that our message is relevant to the business community.

But, while *interest* might be widespread, serious commitment on human rights has been patchy.

There are a few - but I would say only a few - in the corporate sector who have adopted and applied human rights principles in their business out of genuine conviction. But more often the shift has come through public exposure and scandal. Just as disasters like Exxon Valdez in Alaska, and the disposal of the Brent Spar platform brought environmental concerns into the limelight, human rights really popped onto companies' radar screens as a result of crisis. The execution of the Ogoni 9 in Nigeria and the conduct of private security firms in Colombia convinced oil giants Shell and BP to take human rights concerns on board. Evidence linking diamonds from Sierra Leone with the reprehensible armed opposition group, the Revolutionary United Front, and its terror tactics of amputating the limbs of civilians, brought the diamond industry to the table, to agree to a system of international certification to weed out conflict diamonds. Allegations of profiting from "sweatshops" in the supply chain forced apparel companies to look at human rights concerns.

The key motivating factor in these cases was the exposure and pressure by NGOs and the risk to reputation. Nestle, the Swiss confectioner, is still the target of a boycott over its past policies promoting infant formula over breast milk. Talisman of Canada may soon conclude a deal, selling its stake in Sudan to an Indian oil company, because of sustained pressure from Canadian and other NGOs.

Increased threat of litigation might also affect the way companies look at human rights. Cape Plc is being sued in the UK on allegations of having exposed its workers to asbestos in South Africa. UNOCAL, EXXON Mobil and Coca Cola are all facing law suits for complicity - let me underline complicity, not commission - in human rights violations in Myanmar, Indonesia and Colombia respectively.

Increasingly, there's also a bottom line issue. The dividing line between investors, shareholders, consumers and the general public is getting blurred. For instance, pension funds are large investors and shareholders in companies, and people today want to know where their pensions are being invested.

The threat of reputation damage, of legal action and of investor and consumer boycotts have clearly been a spur for voluntary codes, such as the Global Reporting Initiative, the Kimberly Process and the voluntary principles on the recruitment of private security forces by extractive industries. AI has been involved in all these initiatives.

Voluntary initiatives are important - if companies agree that this is the correct way of proceeding they are more likely to comply. But self-regulation has its limits. Take the UN

Global Compact to which 700 companies have signed up. But a number of NGOs have strongly criticized the Global Compact because they say companies just use it to promote themselves as "good corporate citizens" without actually having to live up to their commitments, because the Compact entails no verification. AI, along with some other human rights NGOs, is part of the Compact because we feel that it brings to the table a diverse group of companies from around the world. But we recognize that there is a risk that companies can abuse the Global Compact, and undermine the integrity of the UN. That's why we lobbied for the Compact to name participating companies (so NGOs can bring pressure to bear on them) and to adopt a procedure for expelling companies that breach the Global Compact principles. On both of these there has been progress. But this is not enough and we are pressing that the Global Compact should support some mechanism of monitoring, for instance by linking up with the Global Reporting Initiative, and should support initiatives for stronger corporate accountability on human rights principles.

So, while voluntary initiatives can be useful, they have very clear limits. Most importantly, our experience over the past decade tells us that progress on corporate responsibility for human rights has been slow. One survey last year showed that only about 40 companies had explicitly incorporated human rights in their corporate policy. Several studies have shown that at the Board level interest in human rights and social issues is low. In the present economic climate some companies and commentators are already talking about corporate social responsibility and human rights as threats and unnecessary costs.

Too many companies still argue that action on human rights is political and they cannot interfere in politics (although they are quite happy to lobby on political issues such as corporate tax reduction!). Too many companies still claim that human rights do not apply to them, because governments, not companies sign treaties. Even as the role and influence of companies has been increasing in our everyday lives, a concomitant system for ensuring their accountability has been missing, making companies, particularly MNCs, a special breed. They command authority but lack responsibility; they control vast resources but do not have sovereignty. They operate in a grey zone at the international level where rules are unclear and control is difficult. Arguably, they can do what they want and get away with it; or they can choose not to do what they ought to do because they have no clear legal obligation.

Grounding commitment in a legal framework

So where does that leave us? Very much at the mercy of the market. Many companies have expressed an interest in human rights, but few seem prepared to put this into formal company policy. Where commitment is wide, as in the case of the Global Compact, verification measures are absent. Some companies have adopted voluntary codes and verification out of self-interest but that is unlikely to win everyone over - and certainly not soon.

We cannot entrust human rights issues to the market place. This is why Amnesty International decided a year ago to take a two pronged approach: we will continue to pursue voluntary approaches - codes, commitments and public pressure - but we will also campaign for legal accountability mechanisms. If the commitments are to be meaningful, there must be some system of enforcing accountability.

(As David explained: Obviously the best way to hold companies legally responsible is under national law, but in an era of global economic integration depending simply on national laws is not enough. The quality of the laws vary from country to country. In any case, multinationals operate across borders. We need an international legal framework that reflects ethical standards of global relevance. And we don't need to invent those ethical standards - they exist in universal human rights.

(As David Petrusek, Amnesty's Director for Policy, explained yesterday at the Public Eye, international law would not supplant national laws but would buttress national efforts, would act as a benchmark and as a stop-gap where failures at the national level left companies off the hook.)

Amnesty International's 40-year experience of working on human rights issues has repeatedly

demonstrated the importance of law. We use many different strategies to persuade or shame governments to respect and protect rights. In many situations we ask governments voluntarily to support particular policies that we believe will advance respect for human rights. But all our work on governments is grounded in the fact that there is a framework of international law which creates specific obligations.

Voluntary initiatives in relation to companies would be similarly strengthened if grounded in law. I believe it would be in the interest of companies, as much as activists, to embrace this notion - because it would level the playing field.

Also, leaving the debate in the realm of voluntary commitments has, in practice, too often let governments off the hook. Obviously, it is governments who sign the treaties, they are obliged to protect human rights - and obliged to ensure that private actors, including companies, do not abuse them. Dialogues on human rights and the private sector that leave out the role of law altogether play into the hands of governments who are failing to live up to these obligations.

Conclusion

Is CSR all PR? I suppose my short answer is if we don't want CSR to be PR then we must not only ask companies to commit voluntarily to human rights principles, but - given the unreliability of the market and the uncertainties of self-interest, we must insist on enforceable legal accountability.

I don't underestimate the challenge for one moment - building agreement on legal accountability will not be easy, particularly in this difficult period of economic and political uncertainty. But human rights are not a luxury for good times - they must be respected and upheld at all times under all circumstances, by all actors, state and non-state. The key to our success will lie in the ability to forge an effective alliance. AI is keen to work with you to pursue our common goals - because only by working together I believe we can move ahead. Thank you.