

Mr. Georg Kell
Executive Head
Global Compact
United Nations
Room 3855-c
New York, NY 10017

November ..., 2001

Dear Georg,

Thank you for sending us the Policy Note on the results of the Global Compact's pilot phase, and its future framework. In your accompanying letter you invited us to submit our views or comments.

In our letter of October 25, 2001, we set our concerns with respect to the Global Compact initiative, and listed suggestions for its future development. Unfortunately, we found that our concerns and comments are not, or not adequately, addressed in the Policy Note you sent us, or the future framework it proposes. In addition to reiterating the comments that we formulated in our previous letter, we feel that it is appropriate to highlight the following concerns.

Engagement of local stakeholders

As mentioned in previous letter, we believe that it is essential that *all* the stakeholders - companies, labor unions, rights organizations, UN and government – work together and are engaged to develop good corporate practices that respect and protect human rights as well the environment, and to establish a comprehensive learning forum. The Global Compact's goal seems to embrace a similar principle. However, the Policy Note does not indicate that, or clarify how, the Global Compact seeks to engage organizations and stake-holders at a local level.

At the same time, the Policy Note does refer to the goal to develop “country-level learning networks.” We believe that this ambition cannot be realistically achieved without reaching out to those local actors, who are in the best position to provide the most valuable information, pertaining to the local economic and social circumstances and actual corporate behavior.

Enforcement of the guidelines for the submissions

Your assessment of the submitted case studies seems to confirm our previously expressed concern, that there is a realistic risk that the participating companies' undertakings remain meaningless, as long as there is no mechanism in place to properly assess the quality and to

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monitor the sustainability of the reported actions. As noted before, such a mechanism cannot be build without engaging local parties, which are in the best and only position to assess:

- whether the company has honestly endeavored to address an issue that is pertinent to its corporate activities;
- the effectiveness of the reported action taken, as well as possible ancillary effects;
- the manner in which the action is valued by the intended beneficiaries;
- the sustainability of the measures taken.

The Policy Note remarks that none of the submitted case studies complies with the Global Compact guidelines. However, rather than to pressure companies to abide by these standards, and to focus on accountability for a lack of compliance, the Policy Note seems to suggest an alleviation of the requirements. Under the future framework it proposes, participating companies would only have to make an even more limited submission, which would leave even more to be guessed about the substance, effectiveness and sustainability of the reported action than under the current guidelines.

We believe that this proposal is conflicts with the principles of accountability and transparency, which lie at the heart of responsible corporate behavior. The current guidelines for the submissions should be taken as unyielding minimal standards. Rather than proposing a further alleviation of these norms, we believe that it is essential to focus on the development of a mechanism to ensure that *all* the submissions indeed relate to concrete steps taken to act on the Global Compact's principles.

The risk of selectivity

The Policy Note does propose to “selectively enlarge” and elaborate on the most promising “examples” submitted. However, this proposal implies that most of the companies’ submissions will forego a careful scrutiny. We believe that this procedure will increase the already realistic risk that companies are tempted not to take the Global Compact’s undertakings seriously.

The Policy Note explains that a case study is meant to elaborate in detail and depth on the measure that is mentioned in the example. It is also mentioned that the case studies will be prepared in collaboration with the Global Compact Office and with the assistance of the consulting public policy and academic specialists. However, also in this respect, we reiterate our concern that local stakeholders need to be engaged. An honest and thorough assessment of the reported action cannot be made without the valuable input of these local actors, who are in the best position to provide the relevant details and to value the action as it is actually implemented.

As mentioned in our previous letter, we are concerned that the current framework of the Global Compact, and the voluntary nature of the process, results in selectivity both with respect to the participants and the standards applied by them. This selectivity would be significantly increased under the proposed future framework, in which only a few remarkable efforts are scrutinized, while most companies could get away with only half-hearted efforts or perhaps without doing anything new at all.

Conclusion

We are seriously concerned that the proposed future framework will significantly weaken the effectiveness, integrity and potential of the Global Compact. In addition to what has been remarked above, we wish to repeat the recommendations formulated in our previous correspondence. The Global Compact should remain committed to the principles of accountability and transparency, in order not to compromise its goal to stimulate good corporate practices that respect and protect human rights and the environment

We would be glad to discuss these points with you further at your convenience.

Sincerely,

Justine Nolan
Director, Workers Rights

CC: Michael Doyle,