



“Respect for human rights: basic value for business leadership”

**Note by His Excellency Secretary of State Martin Dahinden, Director General Swiss
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Federal Department of Foreign Affairs

**At “Leaders Breakfast on Business and Human Rights: Looking Ahead to the Next
Ten Years”**

United Nations Global Compact Leaders Summit 2010

New York: June 24th, 2010

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Excellencies, Ladies and Gentlemen,

It is a great pleasure for me to have the opportunity to join you today for this interesting meeting and to offer some thoughts and responses from a Swiss perspective.

The Global Compact Leaders Summit will be focusing over the next two days on the critical importance of responsible leadership. Respecting and supporting human rights is a key principle the Global Compact calls on all businesses to advance. In the coming minutes I will argue that a corporate culture and business leadership based on human rights is a precondition for a partnership for development. Further I will explain, that the Global Compact will be the best place to put such a notion into practice by means of reporting and disclosure.

Let me first give a short reflection on the business and human rights agenda.

Business related human rights violations have become a major concern for governments, civil society and business itself. Yet we must acknowledge that business and human rights issues are still not given the full attention they merit. As Special Representative John Ruggie has rightly stressed, policies within and between governments that impact on the rights of individuals and communities remain fragmented. The challenge is still to breach the different silos we are operating in. In this regard I learned a lot today by just listening to your discussion and reflecting this with the daily work of the development agency I direct within the Swiss government.

But, indeed, I share your views on the importance of human rights and on leadership. Ladies and gentlemen, in my view, leadership means going beyond the usual, the normal. John Ruggie's work has been extremely important in clarifying what should be expected of all companies in terms of respecting human rights and being able to demonstrate that they do so.

I come now to my second point, leadership is needed to put the normative requirement to respect human rights into practice.

The baseline – the corporate responsibility to respect human rights – clearly requires a range of proactive actions by companies. We need business leaders to demonstrate how this responsibility can be implemented in practice and the Institute's (on Human Rights and Business) new report on human rights due diligence that has been launched today gives us a good understanding of how companies are seeking to do just that.

But leadership also means focussing on the long term, taking risks and engaging in important wider societal objectives. Leadership is also a moral obligation - taking responsibility for the decisions you have taken. And here the different concepts of business-governmental-community engagement will meet.

In this context I come to my first main message: corporate respect for human rights should be a precondition for engagement and cooperation.

In my daily business I witness countries where governmental structures are absent, human rights are violated, where societies are struggling to cope up with armed conflicts and environmental disasters. I see local and international business operating in countries struck by armed conflict, human insecurity, poverty and humanitarian crisis.

Switzerland engages with business in these countries and business sometimes becomes an important partner. Today's discussions have affirmed that partnership for development, cooperation to end poverty such as through public-private development partnerships to improve access to water or education, or addressing environmental challenges, among other challenges, are critical and advance respect for fundamental rights. But these approaches can only be sustainable if a business maintains its general social license to operate. Doing so depends to a large extent on companies demonstrating that they respect human rights throughout their operations – doing good in one area can't be an "off set" for causing harm elsewhere.

It is not an "either-or-discussion": Human rights impact assessments and reporting are just as important as supporting the development agenda. Both are critical! The moral compass must exist. The respect and implementation of business responsibility to respect human rights must be in place before a corporation should think about becoming a partner in development efforts. "Getting it right" in this context will mean taking a position for human rights and addressing corporate due diligence.

At this point, my second key message is important: The role of the Global Compact is needed to enhance human rights reporting and disclosure.

A major 2006 World Bank Report and the current Amnesty International Demand Dignity campaign show that those in poverty express that among others the lack of information, fear of criminalization and lack of voice in political processes are central to the experience of poverty. In other words, poverty is about social and political structures - about the

realization of all rights for all, rule of law and governance and not just economic ends and social service provision.

This conclusion is the political side of the moral compass. The Global Compact and the United Nations are the right place to discuss this new moral compass for sustainable business. Within the Global Compact, companies agree to engage in promotion of United Nations principles and to learn how best to do it. Sharing best practices instead of searching for a competitive advantage is the leadership I see in the Global Compact.

There is nothing more frustrating than moving ahead only to find that no one is following. The Global Compact Local Networks bear the potential to build up the necessary corporate culture to turn commitments into concrete actions. For example, Switzerland supported the revision of the Global Compact Guidance on Responsible Business & Investment in Conflict-Affected and High-Risk Areas and supported very much the discussion of this tool in the context of the Local Network in Sudan. Likewise we developed with the Colombian Compact Local Network guidelines on security and human rights.

The biggest potential I see in strengthening human rights within the Global Compact lies within strengthening the Compact's own reporting and disclosure obligations. If human rights impact assessments and conflict risks assessments become a standard part of reporting on progress, the level playing field business needs will be established.

My hope will be that new leadership will create truly sustainable development, framed by participation, transparency, accountability, equality and empowerment. In this regard I conclude my thoughts with appreciation of the Global Compact's partnership with Special Representative John Ruggie and its efforts to strengthen cooperation with the Global Reporting Initiative.

Thank you!