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## Human rights and multinational enterprises

Possibilities and limits  
of what business can do



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## **Human rights and multinational enterprises**

Possibilities and limits  
of what business can do

## Confederation of German Employers' Associations (BDA)

BDA is the leading organisation dealing with social policy in the entire German economy. It represents the interests of small, medium-sized and large companies in all sectors (industry, services, finance, crafts, etc.) on all issues linked to social and collective pay policy vis-à-vis policy-makers, trade unions and the general public. It is the voice of business and provides its members with a comprehensive range of services. It develops robust and sustainable concepts at national and international level, and offers up-to-date information and competent advice to its members. BDA represents the interests of one million businesses employing 20 million people and linked to BDA through their voluntary membership of 6,500 employers' associations. The employers' associations are organised in the 56 country-wide sectoral organisations and fourteen regional confederations which are BDA's direct members. The associations are organised on a regional and sectoral basis.

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*»It is the absence of broad-based business activity, not its presence, that condemns much of humanity to suffering«*

*Kofi Annan (UN Secretary-General 1997 – 2006)*

## I. Introduction

The sixtieth anniversary of the United Nations' Universal Declaration of Human Rights and the Olympic Games in Beijing this year are focusing the attention of media, politicians and the general public on the issue of human rights. There is agreement on the need for implementation and enforcement of human rights, as there is on the fact that human rights are disregarded and infringed in varying degrees in many countries around the globe, despite the passage of sixty years since the Universal Declaration of Human Rights was signed. According to human rights organisation Amnesty International, for instance, in 2006 people were mistreated and tortured in more than one hundred countries and more than two million people fell victim to human trafficking.

In the debate on possibilities and pathways towards better global implementation of human rights, business activity by multinational enterprises is playing an increasingly important role. The forward march of globalisation means that companies are more likely to have business operations in countries where they are confronted with a situation in which human rights and fundamental social and environmental standards are not implemented and enforced. Heightened press interest adds pressure for answers to the question of what role companies can play in implementation of human rights.

The Confederation of German Employers' Associations (BDA) has welcomed the debate on corporate responsibility and human rights, because it can lead to a more open and transparent discussion on the respective responsibilities of politics and business. It has therefore become actively and fully involved in the debate at national, European and international level, and has endeavoured to define and delimit the division of roles between state and private business more clearly. Respect for and promotion of human rights forms part of a company's remit, a concept encompassed in the term corporate social responsibility (CSR). Alone and in liaison with the International Organisation of Employers (IOE), BDA has developed guidelines and recommendations designed to help companies come to grips with their social responsibilities. BDA is available to companies as a discussion partner on individual issues and has successfully worked for creation of a helpdesk within the International Labour Organisation (ILO) to which companies can turn with their questions and problems linked to enforcement of human rights.

This brochure serves as an introduction to the issue of human rights and multinational enterprises. It is intended to inject some objectivity into an often highly emotional

and politicised discussion, and to identify where and how companies can realistically contribute to implementation of human rights around the world. The annex to the brochure sets out the most important instruments, agreements and initiatives in the area of human rights, with the aim of creating clarity in the confusingly complex landscape of texts. Internet addresses are given to simplify access to the various documents and to point the reader towards further information.

Berlin, May 2008

## II. What are human rights?

Human rights are inalienable rights vis-à-vis public authorities. They are an entitlement of every person, conferred by the mere fact of being a human being.

The central source in relation to human rights is the United Nations' Universal Declaration of Human Rights dating back to 1948. It comprises thirty articles which specify the human rights to which every person is entitled "without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status".

### Universal Declaration of Human Rights, UN 1948

The Declaration guarantees the protection of human beings through the right to life, liberty and security of person, and through the ban on slavery and torture.

It encompasses procedural rights such as equality before the law, protection against arbitrary arrest and right to a fair, public trial in an independent court.

It describes civic freedoms such as freedom of movement, the right to marry, the right to own property, freedom of thought, conscience and religion, the right to freedom of opinion, and the right to freedom of assembly and association.

In addition, the Declaration comprises political rights including the right to seek asylum, the right to a nationality and the right to participate in the democratic process.

Lastly, economic, social and cultural rights such as the right to social security, the right to work and free choice of employment, the right to family protection, to health, food and housing, the right to rest and relaxation, to education and participation in cultural life.

The United Nations' Universal Declaration of Human Rights can be accessed at the following Internet address: <http://www.unhchr.ch/udhr/lang/eng.htm>

The Universal Declaration of Human Rights – which is not legally binding in itself – was specified and made legally binding in 1966 in two important UN covenants: the International Covenant on Civil and Political Rights (Civil Covenant) and the International Covenant on Economic, Social and Cultural Rights (Social Covenant). Taken together, they constitute the “International Charter on Human Rights”.

- ▶ International Covenant on Civil and Political Rights:  
[http://www.unhchr.ch/html/menu3/b/a\\_ccpr.htm](http://www.unhchr.ch/html/menu3/b/a_ccpr.htm)
- ▶ International Covenant on Economic, Social and Cultural Rights:  
[http://www.unhchr.ch/html/menu3/b/a\\_ceschr.htm](http://www.unhchr.ch/html/menu3/b/a_ceschr.htm)

Alongside the Charter of Human Rights, there are a wide range of conventions which govern protection of individual human rights. Since 1948 the United Nations has drafted around sixty human rights agreements and human rights declarations. They have introduced specific standards for women, children, disabled, minorities, migrant workers and other groups. Furthermore, regional human rights conventions have been concluded on various continents. Europe, for instance, has its own European Convention on Human Rights (ECHR).

It has become common practice to differentiate between three “generations” of human rights:

- ▶ First-generation rights refer to the classical civil and political rights of freedom and participation, as set out in the International Covenant on Civil and Political Rights or the European Convention on Human Rights.
- ▶ Second-generation rights embrace economic, social and cultural rights and are stipulated in the International Covenant on Economic, Social and Cultural Rights.
- ▶ Third-generation rights are comparatively general, abstract and overarching rights such as the right to development, peace or a healthy environment. These rights have so far hardly been codified.

It is important to make a clear distinction between civil and political rights on the one hand, and economic, social and cultural rights on the other. Whereas the first generation of rights is absolute, there can be conflicts of interest within the second generation of

human rights which have to be dealt with when human rights are being implemented in national legislation. For instance, a government must weigh up whether the right to an adequate standard of living and health protection can better be achieved through measures in the area of environment policy or an extension of the social security system. In addition, implementation of the second generation of human rights depends decisively on the economic situation and socio-cultural context. Depending on the starting position in a particular country, various measures are necessary to reach the “highest attainable standard of health and safety at work”. In other words, with the second generation of human rights it is necessary to strike a balance between political and social interests.

### ▶ ILO core labour standards

In the debate on worldwide implementation of social standards, the International Labour Organisation’s core labour standards constitute an increasingly important reference value. They consist of eight ILO conventions which comprise the following fundamental principles:

- ▶ Right to organise and collective bargaining
- ▶ Abolition of forced labour
- ▶ Elimination of child labour
- ▶ Ban on discrimination in employment and occupation

The discussion rightly refers to the fact that the principles and rights in the core labour standards are binding on all ILO member states, independent of the status of the ratification process. The core labour standards are addressed to states which are obliged to implement them in their domestic orders.

More information:

<http://www.ilo.org/dyn/declaris/DECLARATIONWEB.INDEXPAGE>

### III. Who is responsible for implementation of human rights?

Human rights covenants are conventions under international law and therefore agreements between states. This means that in the very first instance states are responsible for implementation of human rights.

The promulgation of human rights does not automatically create valid law, which has to be framed by individual states. States which have given each other undertakings to respect, protect and promote human rights in the form of international human rights conventions must implement this self-imposed obligation in national legislation. In 1986 a group of human rights experts in the United Nations specified this responsibility of states in the so-called Limburg principles. These specify that states have:

- ▶ a duty of respect: the state is obliged to refrain from infringement of rights;
- ▶ a duty of protection: the state must protect rights against infringements by third parties;
- ▶ a duty of implementation: the state must ensure complete realisation of human rights where this is not already the case.

Against this background, it is very difficult if states are unwilling or unable to recognise and implement human rights. In the light of human rights infringements in many states, there have been repeated attempts to shift the obligation to enforce human rights on to other players, in particular multinational enterprises. This is highly problematic, since it would amount to a privatisation of international law. Furthermore, the parties addressed in this regard might not be able to deliver on expectations, namely the transfer of state responsibility and tasks. Human rights are essentially abstract principles which can only be made applicable through national legislation. The second generation of rights in particular touches on a large number of families of rights. By way of example, “family protection” is transposed through rules in the areas of tax law, social law and labour law. Hence, the balance of societal and political interests in the second generation of human rights can only be established by sovereign states. Companies have neither the societal and political mandate nor the capability to settle the conflicts of objective that arise here. Companies can only help to enhance human rights as a complement to and not as a substitute for the national government’s policy-makers.

#### ▶ Case of UN “draft norms”

In August 2003 a sub-commission of the UN Commission on Human Rights presented the so-called “draft norms” on the responsibilities of corporations with regard to human rights. These “draft norms” took the approach that the duty of governments to enforce human rights could be transferred to companies, sometimes in a binding manner. At the 60th meeting of the UN Commission on Human Rights in April 2004, the “draft norms” were rightly thrown out. Instead, a special representative for human rights and multilateral enterprises was appointed and asked to present recommendations on the responsibility of multinational enterprises. This special representative, Harvard Professor John Ruggie, firmly rejected the UN “draft norms” since they would not only transfer human rights, which are addressed to states, to companies in a binding manner and without justification, but they would also under some circumstances undermine efforts to reinforce states’ responsibility for human rights. John Ruggie’s exact words are:

*“The Norms exercise became engulfed by its own doctrinal excesses. Even leaving aside the highly contentious though largely symbolic proposal to monitor firms and provide for reparation payments to victims, its exaggerated legal claims and conceptual ambiguities created confusion and doubt even among many mainstream international lawyers and other impartial observers. (...) What the Norms have done, in fact, is to take existing State-based human rights instruments and simply assert that many of their provisions now are binding on corporations as well. But that assertion itself has little authoritative basis in international law - hard, soft, or otherwise. (...) Indeed in several instances, and with no justification, the Norms end up imposing higher obligations on corporations than on States by including as standards binding on corporations instruments that not all States have ratified or have ratified conditionally and even some for which States have adopted no international instrument at all. (...) Far more profound is the fact that corporations are not democratic public interest institutions and that making them, in effect, co-equal duty bearers for the broad spectrum of human rights - and for “the obligation to promote, secure the fulfilment of, respect, ensure respect and protect” those rights, as the General Obligations of the Norms put it - may undermine efforts to build indigenous social capacity and to make Governments more responsible to their own citizenry.”*

Notwithstanding, companies clearly also have a role to play in supporting and disseminating human rights. The Universal Declaration of Human Rights calls on every individual and every organ of society, which obviously includes business players, to contribute to the realisation of human rights. By so doing, multinational enterprises are meeting their moral and economic obligation to promote worldwide realisation of human rights and to contribute to their recognition through observance. A 2006 survey by UN special representative John Ruggie among Fortune Global 500, the five hundred largest companies worldwide by turnover, showed that there had been a rapid increase in companies' human rights activities over the previous five years. All companies that responded have guidelines or principles as well as special management procedures for human rights. Corporate policy on human rights generally fits in with international agreements, such as the Universal Declaration on Human Rights, and is usually developed jointly with external stakeholders. According to one finding of the survey, a majority of companies have internal control and monitoring processes, and produce CSR reports for external stakeholders.

### **Protect, respect and remedy: UN special representative John Ruggie's concept for human rights and companies**

In his report presented in April 2008 UN special representative John Ruggie proposes a concept for human rights and companies which he breaks down into three principles: protect, respect and remedy:

- ▶ **Protect:** it is the duty of the state to protect the people within its borders against human rights infringements by non-state players.
- ▶ **Respect:** it is the duty of companies to respect human rights and to put in place the management structures necessary to this end.
- ▶ **Remedy:** judicial and non-judicial grievance mechanisms need to be developed and reinforced in order to improve defence against human rights infringements.

## **IV. What contribution does business make to implementation of human rights?**

For German business, observance of human rights is an important concern. Alongside the self-evident duty of each individual company to act in a humane and ethical manner, there are also economic reasons that militate in favour of complying with human rights. A strengthening of political freedoms promotes economic development, for instance through an improvement in investment possibilities, in mobility or in education opportunities for workers. By contrast, infringement of human rights and absence of the rule of law massively discourage economic activities and thus also hamper multinational enterprises.

Responsibility for the economic and political environment in which operate forms part of the international involvement of German companies:

- ▶ In the framework of their direct investments, German businesses abroad create jobs and make it possible to secure higher social standards, more environmental protection, better education, and hence increase individual living standards and prosperity in the country in question. At the same time, this increases the potential for more democracy and human rights.
- ▶ German companies actively promote the realisation of human rights in business transactions. In the context of the corporate social responsibility (CSR), they accept responsibility for implementation of human rights. With their own voluntary initiatives, multinational enterprises try to make a contribution to better implementation of human rights – partly in the framework of public-private partnerships or jointly with non-governmental organisations.

The approaches and initiatives deployed by companies to ensure observance and promotion of human rights are many and varied. Examples of this diversity include:

- ▶ Companies work for compliance with social standards along the supply chain, for instance by putting in place codes of conduct for procurement of goods with the goal of creating regular, secure and healthy working conditions, ensuring adequate remuneration and freedom of association, outlawing excessive overtime as well as forced and child labour, and protecting against discrimination.

- ▶ Companies create platforms to give all employees worldwide the possibility to set out their views on how human rights policy, including compliance with social standards within the undertaking, can be better implemented.
- ▶ Companies engage in dialogue with governments for better implementation of human rights and work locally in contact with national administrative agencies for more effective enforcement of social standards.

You will find an overview of the numerous activities of companies in the area of human rights in the progress reports compiled by member companies of the Global on the Global Compact's Internet page: <http://www.unglobalcompact.org/COP/Overview/index.html>

German companies can align their actions on this voluntary commitment to a range of internationally agreed principles and instruments. Examples are the OECD guidelines for multinational enterprises, the ILO tripartite declaration concerning multinational enterprises and social policy and the Global Compact.

*BDA's guidelines "International aspects of CSR – practical advice for companies" gives a good overview of the various instruments*

*E-Mail: [Abt\\_09@bda-online.de](mailto:Abt_09@bda-online.de)*

## V. What are the particular challenges for companies, what are the limits of what they can do?

Whereas the rule of law and observance of human rights is self-evident in Germany, companies operating abroad often face a situation in which fundamental human rights are not implemented and enforced, in particular in emerging and developing countries. The reasons for this are manifold: the absence of democratic structures and effective division of powers, insufficiency of well functioning state administration, crises, wars or social unrest, political, economic or social transformation processes, as well as extreme poverty and economic distress.

### ▶ One challenge that companies face is child labour.

There is child labour and there is child labour. On this point, the international aid organisation Terre des Hommes says the following: *"Not every child who works is being exploited. Not every form of child labour needs to be combated. In many regions of the world, involving children in work performs an important function in upbringing: it helps children to grow into their later role and progressively take on responsibility as their skills develop"*. The International Labour organisation therefore distinguishes between child labour and the worst forms of child labour. This distinction is set out in ILO Convention 182 against the worst forms of child labour.

Article 3 is formulated as follows:

*"For the purposes of this Convention, the term 'worst forms of child labour:*

- all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;*
- the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;*
- the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;*
- work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children."*

- ▶ Full text of ILO Convention 182 in the Internet: <http://www.ilocarib.org.tt/childlabour/c182.htm>

More than 160 states have ratified ILO Convention 182. Although the Convention requires that “each member which ratifies this Convention shall take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour”, according to the ILO more than 126 million children around the world work under conditions which fall into the worst forms of child labour. The overwhelming majority of them work in the informal sector in agriculture (69%) and services (22%). This means that the great majority do not work for companies but that they work in the fields with their parents, offer very simple services such as shoe-cleaning in cities, work as messengers in private households or perform work as day labourers. In the vast majority of cases, companies have no direct contact or societal relationship with these children. Moreover, these children are very difficult for companies to identify and to have contact with, since they are not registered in any way.

Despite this situation, companies are very actively engaged in combating the worst forms of child labour. They do this not only for ethical reasons. There are also strong economic reasons: cases of child labour in the supply chain can lead to an enormous loss of reputation for a company, even if the company has no knowledge of and cannot influence the situation – as is usually the case. Moreover, in the medium term, children who do not go to school have no value as skilled workers on the labour market. Lastly, in the long term, child labour undermines the development of societies, which limits the business activity of companies.

Possibilities for action include:

- ▶ Initiatives in the framework of the supply chain: very many companies are highly committed to ensuring that there is no child labour in their supply chain. If child labour is found in the supply chain, it cannot be in the interest of the children in question to suspend business activity with the supplier immediately. This would lead not to an improvement of the working conditions, but possibly to the summary dismissal of the children. In both cases, the children’s future prospects would not be improved. Hence, the aim must be to work together to develop pathways which enable these children to have a school education and thereby open up real chances for the future.

- ▶ Cooperation with other players in society: partnerships with other societal groups including non-governmental organisations, trade unions and employer federations, as well as local alliances and associations are important possibilities for companies to use the great expertise and many experiences of these players and therefore to engage in a targeted and effective way in combating the worst forms of child labour.

In all initiatives, it is important that the focus is on the future of the children in question. There are no simple solutions for the complex problem of child labour. In the case of many measures and initiatives, for instance labels, there is a danger that children will be squeezed out of the production branches in question but that they will not be offered any new prospects with a future. While consumers may not want to support child labour, in reality the children will have to work in alternative, often worse occupations. It is therefore necessary not to take hasty decisions but to develop comprehensive strategies both to address the fundamental problems for the phenomenon of child labour in the medium to long term, as well as to help the children in question in the short term.

## Example of Bayer AG

*Chemicals company Bayer AG is actively involved in combating child labour and thus supports the renowned Brazilian Abrinq Foundation for the rights of the child and the respected Naandi Foundation in India. The mission of the Abrinq Foundation is enforcement of children's rights to health, education and observance of human rights as well as offering social programmes for children. In liaison with Abrinq, Bayer employees work regularly and as unpaid volunteers in social institutions in the populous Brazilian city of São Paulo. Thanks not least to the work of the Abrinq Foundation, the number of children who are forced to work has fallen perceptibly over the last ten years.*

*The Naandi Foundation seeks to combat poverty and to improve the living standards of the poor sections of the population on a durable basis. It sees documented schooling and training as the most important key to this end. With the help of Bayer BioScience Pvt Ltd., the Indian subsidiary of Bayer CropScience, the Naandi Foundation has put in place nineteen so-called creative learning centres where children who have previously worked in agriculture and other sectors are prepared for a career in school. By the start of 2008, more than one thousand children had already been taken up by these bridge schools. In addition, Bayer BioScience Pvt Ltd. supports further training for teachers in state-run village schools and provides teaching material for the natural sciences syllabus.*

- ▶ The International Organisation of Employers IOE has issued guidelines on the theme of companies and child labour, which can be downloaded at [www.csrgermany.de](http://www.csrgermany.de) ▶ Infopool ▶ Positionspapiere.

## ▶ Another major challenge for companies is improvement of environmental and social standards in their supply chain.

In the light of increasingly global commercial relationships, company management of the supply chain is becoming ever more important. In this regard, poor environmental and social standards, infringements of human rights, corruption and ineffective state administrations pose large challenges for companies in many emerging and developing countries. Companies are conscious of their responsibility to encourage their suppliers to observe human rights and to support them in their efforts to meet environmental and social standards. There are numerous initiatives, alliances and measures which help companies to live up to their responsibility in their supply chain.

In this area, some companies work together in overarching initiatives such as the Business Compliance Initiative (BSCI), since this joint approach allows them to address challenges linked to implementation and/or improvement of social standards in supplier countries more effectively and more efficiently. In addition, in 2007 companies came together under the umbrella of the European CSR Alliance to exchange ideas on successful strategies for improving working conditions in the supply chain and to put in place joint initiatives and projects. In the framework of BMZ / Round Table codes of conduct coordinated by GTZ, companies are in close contact with stakeholders in order to exchange views and experience on challenges and best practice in the area of human rights and social standards.

- ▶ BSCI in the Internet: <http://www.bsci-eu.org>
- ▶ European CSR Alliance in the Internet: [www.businessseurope.eu](http://www.businessseurope.eu) ▶ European Alliance for CSR
- ▶ Round Table codes of conduct in the Internet: <http://www.coc-runder-tisch.de>

## Example of adidas

The adidas group has developed its own code of conduct, “Workplace standards”, for its supplier businesses. The aim is the welfare of the employees of supplier businesses. These businesses must guarantee the safety and health of their employees. Observance of standards is monitored by employees in the adidas group and by external auditors.

In addition, adidas supports enhancement of competences in the supply chain, for instance in the area of safety at work, health and environmental protection. In Indonesia, for example, customised schooling modules were developed with service providers for individualised staff training courses. In Vietnam, Thailand and China, adidas works with ILO, the American Center for International Labor Solidarity, and the Thai Centre for Labour Rights to raise awareness of social committees and collective agreements among supplier businesses. And in Cambodia, adidas works with the International Labour Organisation (ILO) and the Better Factories Programme to carry out factory inspections and build up contacts with local government organs and other market undertakings.

Companies’ real possibilities for influence on the supply chain vary widely and depend in particular on the number of suppliers, the structure and complexity of the supply chain, and the market position of the company. In some sectors, suppliers have a monopoly position and their customers are not in a position to dictate supply conditions unilaterally, or even to exert an influence. In the textiles sector, for example, German firms are often small or medium-sized businesses while the suppliers are huge concerns in Pakistan or India which supply textile businesses around the world.

Large retail chains in particular often have tens of thousands of suppliers. It is therefore neither economically nor logistically feasible to verify that all suppliers and subcontractors are complying with their in-house guidelines. Especially since verification is only the start. More important than the actual verification is provision of training and support to the companies in the supply chain, so that they are in a position to implement social and human rights standards adequately. Breaking off business relations with a supply business can only be the last resort, since this does nothing to improve conditions in

the supplier business. The aim must be, within the bounds of what is possible, to help firms in the supply chain to upgrade their working conditions and hence to achieve a permanent improvement in social standards. This is an ongoing process in which evaluation of progress made is more meaningful and more important than a snapshot of the situation at any one time.

- ▶ The International Chamber of Commerce (ICC) has produced guidance on supply chain management in which it sets out concrete recommendations for how companies can take account of social and environment-related aspects in their purchasing behaviour and integrate these aspects in their business concept. The brochure can be downloaded from the Internet at this address [www.csrgermany.de](http://www.csrgermany.de) ▶ Infopool ▶ Publikationen.

## ▶ Companies find business activity difficult in so-called weak governance zones.

Weak governance zones are defined as those regions in which governments are unable or unwilling to play their role in the enforcement of law and order – including human rights – and fail to provide fundamental public services coupled with effective and efficient administration. This does not mean that weak governance zones are regions where companies can get on with their business activities unimpeded and without restrictions. The opposite is the case: according to the Index of Economic Freedom 2008, it is precisely problem states in which entrepreneurial freedom is at its most restricted. Violence, corruption, deficient administrations and arbitrary political decisions hamper companies in their business activity, impede planning certainty and make investments an inherent risk.

The many major problems in weak governance zones cannot be removed rapidly, but have to be addressed on a long-term basis in coherent interaction between all players, through to UN peace troops under circumstances. Weak governance zones require a patient approach. Multinational enterprises which have invested in a weak governance zone often face a classical dilemma in this respect: while they can help to improve the situation on the ground through their investments, for instance through targeted measures against child labour, discrimination, unfair pay and above all the fact that they offer jobs on the formal labour market despite the ambient instability, they must also face the criticism that they are indirectly propping up sometimes illegitimate regimes through

their business commitment, and thereby helping to perpetuate an unacceptable state of affairs. In cases of doubt, a hasty call to terminate the business commitment will not improve the situation, but only make it worse. There are no straightforward answers to this dilemma. According to investigations by UN special representative John Ruggie, it is precisely monolithic state-owned undertakings in these countries which often come into conflict with fundamental human rights and social standards.

Business commitment in weak governance zones does not automatically constitute complicity. On the contrary, for local workers it can open up perspectives in which they secure opportunities and possibilities from which they would otherwise be excluded, in which rules and measures apply which would normally be beyond reach, and hence in which an impetus is given to development generally which contributes to solution of the problems in weak governance zones.

### Example of Daimler AG

With the German Automotive Academy Afghanistan Gottlieb Daimler, Daimler AG is making an important contribution to stabilisation of the local society in Kabul, Afghanistan. Opened on 12 July 2005 as a follow-up to the training centre in place since 2002, the Academy seeks to foster a build-up of skills in the next generation and offer work prospects for young people in Kabul – against the background of the difficult economic and societal situation that obtains there. In six- to nine-month courses, each semester sixteen Afghani students receive theoretical and practical training in the disciplines of car mechanics and car electronics. From the very start, all students have found jobs in local plants and international organisations on completion of their courses. All in all, the German Automotive Academy Afghanistan Gottlieb Daimler constitutes an important component of German humanitarian aid. The country's development is at the forefront of this project. The Academy should also be seen in the wider context of Daimler's social and societal commitment in Afghanistan. The group has been engaged with in the country with a range of measures since 2002. The Action Plan Afghanistan, agreed in 2002 in coordination with President Hamid Karzai, includes the war orphan project City of Youth in Kabul, support for a girls' school, a micro-credit programme for the allocation of small loans as well as sport promotion and support for the Afghani youth football team. One outstanding achievement was the aid convoy TRACECA (Transport Corridor Europe Caucasus Asia; also known as the Convoy of Hope), which brought urgently needed emergency goods for reconstruction measures along the "new Silk Route" to Afghanistan in 2003.

## VI. Conclusions

Despite many human rights agreements, infringements of human rights are still a sad reality. Too many states show too little commitment to meeting their responsibility for implementing and enforcing human rights. This is evidenced not least by the more than 126 million children around the world work under conditions which fall into the worst forms of child labour.

Multinational enterprises are not part of the problem of human rights infringements, but part of the solution. German companies work for human rights in many ways for ethical and economic reasons. In the first place, the potential for more democracy and human rights is increased by their direct investments. In addition, German companies actively and voluntarily promote human rights in the framework of their corporate social responsibility (CSR).

In their business activities in emerging and developing countries, companies come up against difficult and complex situations which cannot be tackled overnight but call for long-term strategies. Overhasty withdrawal from countries prompted by the human rights situation in those countries or an abrupt termination of business relations with deficient supplier firms will not improve the situation locally but in most cases will only make it worse. Responsibility vis-à-vis the stakeholders on the ground, workers and the local community requires a long-term commitment, for instance in the area of schooling and training supplier firms.

The growing tendency to shift the responsibility for implementing and enforcing human rights on to companies should be firmly resisted. Companies have neither the political and societal mandate nor the capacity and resources to take on this task. The responsibility for implementing human rights lies first and foremost with states, which are also the signatories of human rights agreements. Hence, in the discussion on human rights and companies it is essential to distinguish strictly and clearly between the responsibilities of the different players.

The issue of CSR and human rights is now also being discussed more intensively with Brazil, India, China, Mexico and South Africa, via the G8 Heiligendamm process. The aim must be to win over these countries to the two most important instruments, the OECD guidelines for multinational enterprises and the ILO Tripartite Declaration. Bearing in mind the increasing significance of China and India in the area of direct investments in Africa, this will underpin sustainable development on the African continent and implementation of human rights.

## VII. Annex

### Primary reference texts

#### ► ILO Tripartite Declaration

The ILO Tripartite Declaration on multinational enterprises and social policy (1977/2000) is a reference framework for internationally active companies. It is an instrument that was jointly negotiated and adopted by governments, worker representatives and employer organisations, and therefore based on a broad consensus.

ILO Tripartite Declaration: <http://www.ilo.org/public/english/employment/multi/download/english.pdf>

#### ► OECD guidelines for multinational enterprises

The OECD guidelines for multinational enterprises set out joint recommendations from the governments of OECD countries for responsible business conduct in the case of foreign investments. The OECD guidelines are addressed to all companies active abroad and their subsidiaries.

OECD guidelines for multinational enterprises: <http://www.oecd.org/dataoecd/56/36/1922428.pdf>

### Initiatives

#### ► Business Social Compliance Initiative

The Business Compliance Initiative (BSCI) is an initiative created in March 2003 by the European Foreign Trade Association (FTA) on implementation or improvement of social standards in supplier countries.

More information: [www.bsci-eu.org/content.php](http://www.bsci-eu.org/content.php)

### ► Global Reporting Initiative

Die Global Reporting Initiative (GRI) is an independent multi-stakeholder initiative which has developed guidelines for sustainability reporting.

More information: [www.globalreporting.org/Home](http://www.globalreporting.org/Home)

### ► Extractive Industries Transparency Initiative

The aim of the Extractive Industries Transparency Initiative (EITI) is to increase transparency in the raw materials industry and to combat corruption in this business sector.

More information: <http://eitransparency.org>

### ► Kimberly process

The Kimberly process is a certification system for diamonds in order to prevent trade in smuggled diamonds from crisis regions.

More information: [www.kimberleyprocess.com](http://www.kimberleyprocess.com)

### ► Social Accountability International

Social Accountability International is a multi-stakeholder organisation which has developed the workplace standard SA8000.

More information: [www.sa-intl.org/](http://www.sa-intl.org/)

### ► Transparency International

Transparency International is a non-governmental organisation dedicated to the struggle against corruption.

More information: [www.transparency.org](http://www.transparency.org)

### ► UN Global Compact

The UN Global Compact is an initiative put in place by former UN General Secretary Kofi Annan with the goal of establishing ten principles in the area of human rights, working conditions, environment and combating corruption in the business activities of companies worldwide.

More information: [www.unglobalcompact.org/index.html](http://www.unglobalcompact.org/index.html)

### ► Voluntary Principles on Security and Human Rights

The Voluntary Principles on Security and Human Rights constitute a joint initiative by governments, companies and non-governmental organisations which seeks out to support companies in protecting their business activities and at the same time respecting human rights.

More information: [www.voluntaryprinciples.org](http://www.voluntaryprinciples.org)