

## **Press Release SG/SM/7860**

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### **AT LONDON MEETING WITH CORPORATE LEADERS, SECRETARY-GENERAL DESCRIBES PROPOSAL**

### **FOR 'GLOBAL COMPACT' WITH UNITED NATIONS**

This is the text of remarks by Secretary-General Kofi Annan last Friday (22 June) at a breakfast meeting in London with some 75 corporate leaders from the United Kingdom:

It is now almost two-and-a-half years since I first challenged the world's business leaders to enter into a Global Compact with the United Nations. My aim was to find a way for business and the United Nations to work as partners in pursuit of our shared interests. After all, we both want the global economy to rest on a sound foundation. And we both want to keep the trade regime free of unnecessary burdens and restrictions.

We have made good progress. Leading companies from every industry and every continent are now supporting the Compact. They understand that it is not a legally binding contract, a regulatory instrument or a code of conduct. A number of corporations have asked if their lawyers could examine the fine print. I have good news for you: there is no fine print.

Rather, the Compact is a voluntary initiative. We ask only that companies embrace nine simple but fundamental principles in the areas of human rights, core labour standards and the environment. I would like you all to be familiar with these principles. They are as follows:

In the area of human rights, businesses should:

1. Support and respect the protection of internationally proclaimed human rights.
2. Make sure they are not complicit in human rights abuses.

In the area of labour, businesses should:

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.

4. Eliminate all forms of forced and compulsory labour.
5. Work for the effective abolition of child labour.
6. Eliminate discrimination in respect of employment and occupation.

And in the area of the environment, businesses should:

7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

The Compact asks that you incorporate these principles into your mission statements and business operations; and then tell us about your experiences in putting them into practice -- successes as well as setbacks, what works and what doesn't. We want the Compact to be a platform for dialogue and learning about corporate citizenship and responsibility. We do not want to turn it into a bureaucratic enterprise full of rules and rigid structures.

The Compact is one of many ways in which the private sector is contributing to the work of the United Nations. Today there is an especially urgent issue on which you can play an almost revolutionary role: the fight against HIV/AIDS. You are all aware that this is a global problem of catastrophic proportions, and that its impact continues to grow. All of us need to be involved in the response.

In recent months, I have called on leaders of all countries to face this issue head-on by breaking through the wall of silence that still surrounds the disease and by placing it at the centre of policy-making. I have appealed to philanthropic foundations to make AIDS a special focus of their activities. I hope the business community will do its part.

You might ask why business should be involved. The answer is simple: because AIDS affects business. The spread of the pandemic has caused business costs to expand, and markets to shrink. AIDS kills people in the prime of their lives, disrupting economies. The loss of every breadwinner means a family deprived of health care, education and nutrition, leaving them more vulnerable to infection. This cycle need be

repeated only a few times and AIDS destroys an entire community. AIDS can even contribute to political instability.

Africa has been hit disproportionately hard. But infection rates are now rising at an alarming speed in the Caribbean, the Russian Federation, Eastern Europe, Central Asia, India and China.

Let us not be daunted, however. There is much that all of us, and all of you, can do.

Those of you with employees in the developing world must support your staff and their families affected by AIDS, notably by providing voluntary and confidential testing, counselling and treatment. Business people, as respected leaders in their communities, can encourage all sectors of society to get involved -- particularly your peers in other companies.

You can help build the logistical capacity needed to deliver health-care services. You can link your brands to a goal of social responsibility. You can offer your expertise in public affairs, human resources, and strategic planning, to help AIDS service organizations and community groups. Finally, you can contribute as donors.

Total spending on AIDS prevention and care in low- and middle-income countries needs to rise to something between seven and ten billion dollars each year. That is at least five times the amount that citizens, national governments and international donors are currently spending on the disease. It may sound like a lot. But AIDS has already cost the world more than \$500 billion. So \$10 billion a year to defeat it seems fairly reasonable.

As a mechanism for mobilizing some of this extra money, I have proposed the creation of a Global AIDS and Health Fund to support national programmes and strategies. It will be open to both government and private donors.

Surely, in this room, there is enormous potential for new partnerships and new ideas that will help us achieve the progress we seek - - progress that will protect your investments, improve your reputations and customer loyalty, and ultimately raise standards of living. In that hopeful spirit, I am anxious to hear your comments and answer your questions. Thank you again for being here and especially for your support of the United Nations.

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