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*Setting Standards for Sustainability*

rights

**Comparative table explaining the key differences between the UN Global Compact and the UN Guiding Principles on Business and Human Rights**

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Corporate responsibility is taking on a new meaning and significance. Companies can no longer reduce their corporate responsibility to volunteering initiatives and charitable donations. More than ever before, private sector organisations are being challenged on and being held accountable for their impacts on the environment and society, their practices, and their long term strategy (or lack thereof). Increasingly a responsible business is seen as synonymous with one that is sustainable. A sustainable business delivers long term social and economic value within environmental limits.

Many guides and instruments have been developed to help assist businesses in this transformation. In many ways the range of choice makes it more difficult to understand which one to choose and how different frameworks might fit together. At international level, the United Nations (UN) has been a major driving force in the field of corporate responsibility. The table below sets out the main features of two of the principal UN frameworks: the UN Global Compact and the UN Guiding Principles on Business and Human Rights (UNGPs).

	Overview	Background and Mission	Year of Inception	Actors and Target Audience	Uptake and Support	Content and Scope	In Practice: Process and Enforcement
<b>The UN Global Compact</b>	<p>A strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The UN Global Compact's ten principles enjoy universal consensus and are derived from:</p> <ul style="list-style-type: none"> <li>the Universal Declaration of Human Rights</li> </ul>	<p>The UN Global Compact has as its objective to help build a more sustainable and inclusive global economy. The initiative was first proposed at the World Economic Forum held in Davos in 1999 by the UN Secretary General at the time, Kofi A. Annan. He suggested that globalisation was resulting in growing economic disparity and negative socio-environmental</p>	<p>Initial launch in 2000; since then the strategy has undergone several reviews</p>	<p>A voluntary framework aimed at businesses. It operates as a membership scheme and serves as an engagement platform for its signatories. Although the framework is principally intended to influence behaviour change in companies, there are a number of other stakeholders and actors, including:</p> <ul style="list-style-type: none"> <li>Governments and Public Sector Organisations (define the principles on which the initiative is based)</li> </ul>	<p>The largest voluntary corporate responsibility initiative in the world. It now has significantly over 10,000 corporate participants from over 145 countries. However, the change effected by members varies significantly. For example, not all participants have taken the formal step of developing a policy statement on human rights, key to fulfilling the requirements of Principles 1 and 2 adequately.</p>	<p><b>Human Rights</b>  <b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and  <b>Principle 2:</b> make sure that they are not complicit in human rights abuses.</p> <p><b>Labour</b>  <b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>Each principle comes with an explanation of why the issues touched upon are relevant to business and some practical starting points on how businesses can fulfil that particular principle effectively. Members of the UN Global Compact are expected to provide an annual Communication on Progress (COP) which includes a description of the steps taken to support the Global Compact and embed the principles. Given the voluntary nature, COPs are</p>



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	<ul style="list-style-type: none"> <li>• The International Labour Organization's Declaration on Fundamental Principles and Rights at Work</li> <li>• The Rio Declaration on Environment and Development</li> <li>• The United Nations Convention Against Corruption</li> </ul>	<p>impacts and that the international business community should act in "enlightened self-interest" to make the global economy more inclusive and robust.</p>		<ul style="list-style-type: none"> <li>• Labour (on which global production depends)</li> <li>• Civil Society Groups (representing stakeholder interests)</li> <li>• UN Agencies (the largest global forum)</li> </ul>		<p><b>Principle 4:</b> the elimination of all forms of forced and compulsory labour;  <b>Principle 5:</b> the effective abolition of child labour; and  <b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.</p> <p><b>Environmental Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;  <b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and  <b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<p>classified in one of three categories, based on a self-assessment of the COP's content. The criteria for self-assessment cover the principles, as well as transparency, UN goals and governance. Companies can fall into the GC Active Level, which fulfil minimum requirements, or Advanced Level, where the COP provides additional information in the following areas:</p> <ul style="list-style-type: none"> <li>• Implementing the Ten Principles into Strategies &amp; Operations</li> <li>• Taking Action in Support of Broader UN Goals and Issues</li> <li>• Corporate Sustainability Governance and Leadership</li> </ul> <p>Companies that do not meet the minimum requirements will be classified as GC</p>



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						<b>Anti-Corruption Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	Learners and are given one year to improve their COPs. Companies that fail to produce a COP on an annual basis run the risk of expulsion. Over 4000 members have been expelled in the past. The Global Compact encourages companies to use complementary reporting frameworks to develop their COPs, including the GRI G4 Guidelines. <sup>1</sup>
<b>The UN Guiding Principles on Business and Human Rights (UNGPs)</b>	A set of universal standards designed to prevent companies from violating human rights in the course of their activities and ensuring that they provide adequate redress when such violations occur. The UNGPs are based on the “Protect, Respect, Remedy” framework.	The UNGPs were the result of a 6 year mandate of Professor John Ruggie, the UN Secretary-General’s Special Representative for Business and Human Rights. The aim was not to create new obligations under international law but rather to reconcile existing standards of practice and provide concrete and practical recommendations for	In 2011 the UN Human Rights Council unanimously endorsed the UNGPs.	The UNGPs do not only address the corporate responsibility to respect human rights. It also addresses States in their duty to protect against human rights abuses by third parties and calls on both States and companies to facilitate grievance mechanisms. Above all, the UNGPs constitute the first ever universally applicable benchmarks against	The UNGPs are not a membership scheme and do not apply only in jurisdictions of adhering countries. They are also not sector or issue based like the Equator Principles (which apply to the financial sector)” this: “or the Dhaka Principles (which specifically aim to protect migrant workers). However, they received	The UNGPs are based on the “Protect, Respect, Remedy” framework, which encompasses in part: the corporate responsibility to respect human rights, a responsibility for companies to avoid infringing the rights of others and to address any adverse human rights impacts that occur as a result of their corporate activity.	The UNGPs constitute a single, coherent set of standards that companies should follow and which seek to influence companies to act to avoid or mitigate human rights violations before they occur, rather than address issues that have already arisen. There is no enforcement mechanism under the UNGPs, but

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	They have been labelled as a game changer in the area of corporate accountability for human rights violations.	the implementation of the Protect, Respect, Remedy framework.		which corporate conduct can be judged by governments, civil society, investors and victims.	unanimous approval from the Human Rights Council and they have been incorporated into the OECD Guidelines on Multinational Enterprises. Some governments, including the UK and Netherlands governments, have also published Action Plans for the implementation of the UNGPs, making evident Government's expectations of business and paving the way for future guidance to help businesses comply with the UNGPs.	<p>UNGPs s 11-21 are devoted to outlining the responsibility of business enterprises to respect human rights, 11-15 constituting Foundational Principles and 16-21 are labelled Operational. The responsibility to respect human rights is introduced under UNGP 11, which recognises as follows:</p> <ul style="list-style-type: none"> <li>• A responsibility to avoid infringing the human rights of others; and</li> <li>• A responsibility to address the adverse human rights impacts with which they are involved.</li> </ul> <p>UNGP 12 explains that the responsibility of business to respect human rights covers “internationally recognised human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning</p>	the investigatory procedure under the OECD Guidelines on Multinational Enterprises requires an appointed National Contact Point for each signatory to investigate allegations of breach within their own jurisdiction. There is also evidence that the UNGPs have laid the foundation for increased regulation of companies in this area. For example, the European Commission is currently considering whether to introduce mandatory human rights reporting for certain companies incorporated and/or operating in the region and investors, lenders and national export agencies are increasingly treating human rights reporting as a standard pre-condition to investment.

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						<p>fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.”</p> <p>Operational principles are of a more practical nature, setting out requirements such as due diligence, effective tracking, and transparent communication.</p> <p>UNGPs 22-26 cover the corporate duty to facilitate access to grievance mechanisms and cooperate in the remediation process.</p>	<p>Legislation around conflict minerals, California's Transparency in the Supply Chain Act, and the imminent passing of the Modern Slavery Bill in the UK are further evidence that companies should take the necessary steps to embed the practices outlined in the UNGPs if only to facilitate future compliance.</p>

These two UN frameworks vary in nature, scope and depth. Because of their distinct elements they both also come with different challenges and drawbacks. However, they also overlap at important points. Firstly, they come together in terms of their overriding objective –that is, to achieve a more responsible and accountable business community. Secondly, they meet on some subject matter, too, namely the protection of human rights. It is important to take away that these frameworks, as is the case with many others, do not offer two alternatives and can be treated as complementary. Whilst the UN Global Compact reaches out directly to the business community on what priorities broader policy and strategic objectives should incorporate on a voluntary basis, the UN Guiding Principles focus on how to ensure a narrower set of priorities are actually fulfilled. The UN Guiding Principles aim to fill a lacunae which hadn't previously been properly addressed in practice and provide valuable direction and practical steps for those private sector organisations seeking to avoid being complicit in human rights abuses. They are intended to apply irrespective of whether a company has formally signed up to any framework or not and any company can be measured against them. Nonetheless they can also be seen as elaborating upon certain UN Global Compact Principles and subsequently serve as a useful tool for their effective implementation.

Once a company embraces the interplay between the seemingly daunting multitude of standards and frameworks, and truly understands how obligations can sit together, only then is there real potential to realise gains from embedding these considerations in decision making and minimising operational, reputational and legal risk.

#### Sources and further information:

- UN Global Compact Official Website [www.unglobalcompact.org](http://www.unglobalcompact.org)
- UN Guiding Principles on Business and Human Rights [www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- The Business and Human Rights Resource Centre [www.business-humanrights.org](http://www.business-humanrights.org)
- Global Compact: Origins, Operations, Progress, Challenges by Georg Kell. Available at [www.greenleaf-publishing.com/content/pdfs/jcc11kell.pdf](http://www.greenleaf-publishing.com/content/pdfs/jcc11kell.pdf)
- Applying the Guiding Principles for Business and Human Right in the Fight Against Human Trafficking written by Clare Titcomb and Colleen Theron for Finance Against Trafficking. Available at [www.financeagainsttrafficking.org/news](http://www.financeagainsttrafficking.org/news)