

**United Nations Global Compact – What it is**

- It is the UN's voluntary corporate citizenship initiative in the areas of human rights, labour conditions, the environment and anti-corruption.
- It is a multi-stakeholder learning and dialogue initiative that brings together, in one coherent package, core values that governments all over the world have endorsed and asks business to embrace and support them.
- Very important: The UN Global Compact is intended as a mutually reinforcing complement to, and not a substitute for, other approaches, including regulatory ones.
- In December 2007, the UN General Assembly renewed and strengthened the Global Compact's mandate and the importance of the UN-business agenda more generally in a resolution called Towards Global Partnerships.

**UN Global Compact – Vital Statistics**

- Since mid 2000, over 8,700 participants and stakeholders from around the world have made a commitment to implement the principles and communicate their progress to their own stakeholders on an annual basis (failure to communicate progress can lead to being de-listed – 400 companies have been de-listed thus far);
- Around 6,400 business participants in over 130 countries are currently engaged;
- over 2,300 non-business stakeholders, including civil society organizations, labor unions, business associations, foundations, communities & cities, and academic institutions are currently involved;
- more than 80 Local Networks around the world have been or are in the process of being established;
- 162 business participants are ranked in the *Financial Times Global 500* of the world's largest businesses (by market capitalization);
- roughly 40 percent of business participants are small and medium-size enterprises;
- one of the things that makes the Global Compact unique is that more than half of its business participants come from developing and emerging economies.

**UN Global Compact's approach to human rights**

- The Global Compact takes a two-pronged practical approach to business and human rights: raising awareness of (1) what human rights are and how they are relevant for business and (2) what business can do within their own operations and more broadly in their sphere of influence to respect and support human rights, including how to avoid being complicit in human rights abuse. There is a strong emphasis on the business case (risk management, productivity improvements, employee morale and retention, brand differentiation, new customers and markets, etc), especially in the medium to longer term, in addition to the fact that respecting and supporting human rights is the right thing to do. The Global Compact also

emphasizes the importance of adopting a systematic management approach to addressing human rights rather than philanthropic efforts alone.

- The work of the SRSG on business and human rights has shown that all human rights have the potential to be relevant to all business, regardless of their sector or country of operation. It also emphasizes that respecting human rights means not causing harm to human rights. Exercising “due diligence” to identify and manage human rights risk will help business to respect human rights, including avoiding complicity in human rights abuse. Many businesses in the Global Compact are keen to go beyond the avoidance of causing harm to help support and promote the enjoyment of human rights. This is encouraged.
- The Global Compact takes a keen interest in helping to find practical solutions to human rights dilemmas that companies face. The Global Compact principles may be motherhood and apple pie, but implementing them into the thinking and practice of corporations worldwide can raise a number of practical dilemmas, e.g. what is the right approach when you discover that there are underage children working in your supply chain?; how do you avoid discriminating against women where gender discrimination is enshrined in law in the country where you are operating?; or how do you recognize freedom of association in countries where trade unions are illegal?
- Although human rights are universal, we are unfortunately still battling the perception that human rights are not relevant everywhere, thus the Global Compact looks for examples of human rights implementation from around the world and across all sectors to help demonstrate the relevance of human rights for businesses all over the world. Case studies help illustrate this.
- All the Global Compact’s efforts on human rights are carried out in cooperation with the Office of the High Commissioner for Human Rights. The Global Compact also emphasizes coherence and collaborates with a wide range of partners with a view to making the domain of business and human rights more accessible and less confusing especially for businesses new to the issues.

### **UN Global Compact’s current activities on business and human rights**

- Activities have focused on raising awareness of human rights as a business concern and opportunity and fostering the development and dissemination of practical tools and other guidance that companies have found useful (regardless of who has produced the materials), as well as developing the business case for human rights. Moving forward, there will be more emphasis on enhancing the uptake of the tools and guidance that already exists and making them more accessible, including through translating them into languages other than English and distributing them more widely. Key guidance documents available include:
  - a human rights management framework developed with business (and BLIHR, IBLF, and OHCHR) offering practical guidance on one (large) page of what companies can do to support and respect human rights (in all 6 UN languages)
  - a more detailed Guide for Integrating Human Rights into Business Management (with BLIHR and OHCHR), which elaborates on the management steps that can be taken and offers examples of what some companies are already doing (a new improved version of the Guide will be published in 2009)

- a case studies series (with OHCHR) that provides even more detail about efforts to implement human rights, the challenges that companies face in addressing human rights and, most importantly, how they are endeavoring to address them. (Embedding Human Rights in Business Practice I and II)
- an online voting exercise, developed in conjunction with the Danish Institute for Human Rights (DIHR), through which businesses will be able to anonymously provide their own ranking of the most challenging human rights risks to their business on a sectoral basis. The results will be contextualized and compiled into a Top 10 list with explanations of each issue and its relevance for human rights and business.
- a collaborative research and solutions forum project (with Maplecroft), which offers a report of extensively researched, in-depth case studies of human rights dilemmas, considered from the perspective of different stakeholders, as well as a set of practical solutions to these dilemmas from different stakeholder viewpoints. This initiative will feature an online forum to discuss case studies and contribute practical solutions to human rights dilemmas faced by business.
- guidance is also available on specific management topics like human rights policies, risk and impact assessments, reporting, stakeholder engagement, human rights advocacy, etc

(These and other guidance materials can be downloaded at:

[http://www.unglobalcompact.org/Issues/human\\_rights/Tools\\_and\\_Guidance\\_Materials.html](http://www.unglobalcompact.org/Issues/human_rights/Tools_and_Guidance_Materials.html))

- A multi-stakeholder Human Rights Working Group was established in 2007 to advise the Global Compact on its human rights work programme, enhance coherence and help scale up impact. It is chaired by Mary Robinson. The next meeting will take place in Istanbul, Turkey in June 2009 in conjunction with the Annual Local Network Forum. Reports of previous meetings and the current list of participants is available at: [http://www.unglobalcompact.org/Issues/human\\_rights/Meetings\\_and\\_Workshops.html](http://www.unglobalcompact.org/Issues/human_rights/Meetings_and_Workshops.html)
- In our 2007 annual survey of participants, we learned that human rights and anti-corruption are the two areas where participants have made the least amount of progress. We suspect that it is because many companies still have not wrapped their minds around what human rights mean for them and what they can do to address them.
- In that context and because of the 60<sup>th</sup> anniversary of the UDHR (on which the Global Compact's first two principles are based) on 10 December 2008, the UN High Commissioner for Human Rights and the Global Compact Office's Executive Director have written to all participants asking them to look at how they could ramp up their implementation efforts in these areas.
- A follow up communication was sent to all GC participants on 28 April 2008 offering more ideas and guidance for what companies can do to respect and support human rights, as well as help mark the occasion of the 60<sup>th</sup> anniversary.
- A further letter was sent to all active business participants on 29 October 2008 providing three concrete opportunities that companies could engage in to promote human rights.
- All three letters are available at: [http://www.unglobalcompact.org/Issues/human\\_rights/UDHR\\_60th.html](http://www.unglobalcompact.org/Issues/human_rights/UDHR_60th.html).
- On the day of 60<sup>th</sup> Anniversary of the UDHR, 10 December 2008, the CEO Statement was featured in all editions of the Financial Times. It called on governments to implement fully their human rights obligations

and reiterated the commitment of the chief executives of 155 companies of all sizes, sectors and regions to respect and support human rights.

- A number of GC local networks (including the Austria, Brazil, Bulgaria, Colombia, Germany, Indonesia, Japan, Korea, Morocco, Mozambique, Namibia, Nepal, Nordic countries, South Africa, Spain, Ukraine, UK, US, and Zambia) have already undertaken activities to help their participants improve their awareness of human rights issues and what they can do to implement them in their operations and supply chain.

### **What do we regard as our most important contribution in business and human rights?**

- The building of consensus that human rights are an important concern and opportunity for business everywhere, and that there is the need for a systematic management approach. When the Global Compact started, only a handful of companies had human rights on their radar screen. The Global Compact has helped and is helping to change this all around the world including because committing to the Global Compact requires a CEO level commitment, endorsed by the company's board. This means that many companies have had to have Board level discussions on human rights. Support from the top for this work is a necessary, albeit not sufficient requirement for improvements in company human rights performance to occur.
- The Global Compact has also helped to raise awareness of available tools and guidance materials to aid in implementing human rights within a business context. Surveys of our participants have shown that they look to us to recommend tools and guidance materials to help with implementation. Moreover, tool providers whose tools we have recommended to participants have confirmed that the Global Compact has had a positive impact on the number of companies using their tools.
- Promoting more coherence and collaboration among organizations engaged in the area of business and human rights. This is illustrated by the number of joint projects and products.

## **Appendix – Other background information on the UN Global Compact**

### **The GC – Mission & Objectives**

- At the heart of the Global Compact lies the conviction that business practices which are rooted in universal principles help the global marketplace to be more socially and economically inclusive, thus advancing collective goals of international cooperation, peace and development.
- The Global Compact pursues two complementary objectives:
  - internalize the ten principles within business strategies, policies and operations; and
  - undertake projects and/or collective action to advance the broader development goals of the United Nations.
- The implementation of universal principles into business is a long-term process. The Global Compact thus encourages participants to follow a path of continuous improvement.
- This commitment requires the sustained support of leadership through ongoing activities and partnerships, as well as a company's engagement in dialogues, willingness to learn and dedication to practical actions.

### **The Ten Principles**

- The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:
- The Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:
  - The Universal Declaration of Human Rights
  - The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
  - The Rio Declaration on Environment and Development
  - The United Nations Convention Against Corruption
- Human Rights
  - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
  - Principle 2: make sure that they are not complicit in human rights abuses.
- Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
  - Principle 4: the elimination of all forms of forced and compulsory labour;
  - Principle 5: the effective abolition of child labour; and
  - Principle 6: the elimination of discrimination in respect of employment and occupation.
- Environment
    - Principle 7: Businesses should support a precautionary approach to environmental challenges;
    - Principle 8: undertake initiatives to promote greater environmental responsibility; and
    - Principle 9: encourage the development and diffusion of environmentally friendly technologies
- Anti-Corruption
    - Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.