United Nations Global Compact – What it is

- It is a call to companies everywhere to voluntarily align their operations and strategies with ten universally-accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals.
- By doing so, business can help ensure that markets advance in ways that benefit economies and societies everywhere.
- 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 2011, the UN General Assembly renewed and strengthened the Global Compact’s mandate and the importance of the UN-business agenda more generally in the latest of its series of resolutions under the agenda item: Towards Global Partnerships. The UN Global Compact’s mandate is: “to advance United Nations values and responsible business practices within the United Nations system and among the global business community”.
- The UN Global Compact is now the largest voluntary corporate responsibility and sustainability initiative in the world – and it is growing. 2011 was a year of unprecedented growth, with 1861 companies joining the initiative: an increase of 54 percent over 2010 growth figures. The UN Secretary-General has set the target of 20,000 participants by 2020.

UN Global Compact – Vital Statistics

- Since its launch in mid 2000, over 10,000 corporate participants and other 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 – over 4,100 companies have been de-listed thus far);
- Around 7,500 business participants in over 140 countries are currently engaged;
- Over 3,900 non-business stakeholders, including civil society organizations, labor unions, business associations, foundations, communities & cities, and academic institutions are currently involved;
- More than 100 Local Networks have been established around the world;
- 187 business participants are ranked in the Financial Times Global 500 of the world’s largest businesses (by market capitalization);
- Roughly 56% 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 UN Global Compact takes a two-pronged practical approach to business and human rights (the “what” and the “how”): raising awareness of
  1. what human rights are and why 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 UN Global Compact also emphasizes the importance of adopting a systematic management approach to identifying and addressing human rights impacts. Such impacts and risks of impacts should be considered from the perspective of people affected and the environment impacted by the business’s operations and business relationships, and not merely from the perspective of the business. Stakeholder engagement is thus a key tool to enable respect and support for human rights.
- The UN Global Compact advocates a broad and integrated concept of corporate sustainability – the creation of long term value in economic, social, environmental and ethical terms. Social sustainability is an essential component of corporate sustainability. The UN Global Compact, including through special initiatives such as the Women’s Empowerment Principles and the Children’s Rights and Business Principles and its work on
indigenous peoples rights, as well as the integration of perspectives from stakeholders across the UN Global Compact’s other work streams, seeks to flesh out and give practical content to what social sustainability means for business and how to achieve it.

- Complementing the human rights principles of the Global Compact are the Guiding Principles on Business and Human Rights, which were endorsed by the UN Human Rights Council in July 2011. The Guiding Principles provide a global standard of expected conduct for all business enterprises, wherever they operate. In the course of research and consultations that laid the foundation for the development of the Guiding Principles, it was found that virtually all human rights have the potential to be relevant to all business, regardless of their sector or country of operation. The Guiding Principles provide that business enterprises should address adverse human rights impacts with which they are involved by taking measures for their prevention, mitigation, and where appropriate, remediation. Exercising “human rights due diligence” to identify, prevent, mitigate and account for human rights impacts will help business to respect human rights, including avoiding complicity in human rights abuse. In this way, the Guiding Principles establish a framework to guide businesses (including UN Global Compact participants) in fulfilling their corporate responsibility to respect human rights. This includes guidance on implementing effective policies and procedures and communicating with stakeholders about progress.

- The responsibility to respect human rights, pursuant to Global Compact Principle 1 and the Guiding Principles, includes avoiding complicity, which is another way, beyond their own direct business activities, that businesses risk interfering with the enjoyment of human rights. Complicity can be by way of an act or omission, and may be direct, beneficial or silent.

- Many businesses in the UN Global Compact go beyond the responsibility to respect, and seek to also help support and promote the enjoyment of human rights seeing the value for society and their business in doing so. While it of course will not offset a failure to respect rights, such activities are encouraged. Principle 1 of the Global Compact provides that businesses should both “support and respect” human rights.

- The UN 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 straightforward, but implementing them into the thinking and practice of businesses 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 or custom in the country where you are operating?; or how do you recognize freedom of association in countries where trade unions are illegal?

- Human rights are universal so the UN Global Compact looks for examples of human rights implementation from around the world, across all sectors and from large and small businesses 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 UN 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**

- In our 2011 annual survey of participants, we learned that while environmental risk assessments are becoming a standard feature of sustainability management, less than a quarter of all companies on average report conducting risk assessments on human rights, labour issues or on anti-corruption. While companies are increasingly aware that they should respect human rights in their business operations, many still have not adopted a systematic approach to identifying and addressing their human rights impacts.

- UN Global Compact activities on human rights have always 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 to aid businesses in meeting their human rights responsibilities and commitments, and on developing the business case for human rights. The Guiding Principles have provided further detail on the corporate responsibility to respect human rights (part of UN Global Compact Principle 1) and how businesses can know and show that they are meeting it. The UN Global Compact is actively promoting the Guiding Principles and helping businesses to operationalise them. This includes enhancing the uptake of the human rights and business tools and guidance that already exist by making such guidance more widely known and more accessible, such as through translating them into languages other than English. Key guidance materials available include:
o a case studies series that provides 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)

o an online Human Rights and Business Learning Tool, developed with the OHCHR. The web-based short course on business’ respect and support for human rights provides certification upon completion.

o a multi-stakeholder Human Rights and Business Dilemmas Forum (with Maplecroft) designed to stimulate discussion about the dilemmas responsible multi-national companies may face in their efforts to respect and support human rights when operating in emerging economies. The forum engages and invites feedback on practices from different stakeholders including businesses, international organizations, civil society, academics, local communities and more and encourages participants to submit additional dilemmas and case studies for discussion.

o webinars in which experts in various fields present and lead discussions on current issues in respecting and supporting human rights.

o specific Human Rights Communication on Progress Guidance. While there has been a trend towards more comprehensive reporting on human rights performance, the quality generally lags behind reporting on the Global Compact’s other principles. Reasons include the perceived complexity and breadth of the topic as well as the lack of practical reporting guidance, which leads to a significant variance in format and content. As such, the HR COP Guidance aims to give practical guidance to businesses of all sizes wherever they are located on how to improve reporting on their implementation efforts, especially within the context of their annual COP.

o guidance is also available on specific management topics like human rights policies, risk and impact assessments, reporting, stakeholder engagement, human rights advocacy, etc


o A multi-stakeholder Human Rights and Labour Working Group (HRLWG) supports the UN Global Compact, by, among other things, providing advice and making recommendations in order to advance the business and human rights agenda within the framework of the UN Global Compact and the Guiding Principles on business and human rights. In concrete terms, the HRLWG develops and refines tools and resources, seeks to identify and promote good business practice, including through good practice notes, and supports special initiatives and Local Networks. Following the merger of the Global Compact Human Rights Working Group and Labour Working Group, the group is currently co-chaired by Sir Mark Moody Stuart, Pierre Sane, Philip Jennings and Brent Wilton. Terms of reference, a list of participants, description of work streams and links to outputs can be found at:


o The UN Global Compact submitted a report to the UN Secretary-General based on extensive consultations with the private sector around the world urging that, in the era following the 2015 deadline for the Millennium Development Goals (MDGs), the UN development agenda should incorporate the capabilities of the private sector, which include innovation and investment, multi-sector collaboration and a shift to corporate models that link long-term business interests with social and environmental well-being. The report proposes ten sustainable development goals including “10) Good governance and realization of human rights” as well as proposing the integration of human rights concerns within the other nine proposed goals.

o Drawing on over a decade of experience working with the private sector to explore the role of business in contributing to peace, the UNGC will launch a new Business for Peace (B4P) platform at the 2013 Leaders Summit. B4P aims to expand and deepen private sector action in support of peace in the workplace, marketplace and local communities. This platform will be particularly valuable to those already implementing policies and practices for operations in high-risk and/or conflict-affected areas.

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

o The building of consensus that human rights are an important concern and opportunity for business everywhere. When the UN Global Compact started, only a handful of businesses had human rights on their radar as a business issue. The UN Global Compact has helped and is continuing to help to change this all around the world, including because committing to the Global Compact requires a CEO level act, endorsed by the company’s board. This means that many companies have had board level discussions on human rights, some for the first time. Support from the leadership of an organization for this work is a necessary,
albeit not sufficient, requirement in order for improvements in the business's human rights performance to occur.

- **Helping to raise awareness of the steps to take and available tools and guidance materials to aid in implementing human rights within a business context.** Surveys of business participants have consistently shown that they look to the UN Global Compact to recommend tools and guidance materials to help with implementation. Moreover, tool providers whose tools we have recommended to participants – tools must be freely available to the public - have confirmed that the Global Compact has had a positive impact on the number of companies using their tools. The list of recommended tools is reviewed periodically with the Global Compact Human Rights and Labour Working Group. As noted above, the UN Global Compact also creates its own materials, including Good Practice Notes, which seek to identify approaches that have been recognized by a number of businesses and stakeholders as being good for business and good for human rights. Activities and events at the global and local levels and online fora (such as the Human Rights and Business Dilemmas Forum) create a safe space for businesses and stakeholders to interact and look for practical solutions to business and human rights issues.

- **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.

- **Helping to raise awareness and promote more systematic attention to respect and support for the rights of specific groups.** Including through special initiatives like the Women’s Empowerment Principles (with UN Women), the Children’s Rights and Business Principles (with UNICEF and Save the Children), and the Business Guide to the UN Declaration on the Rights of Indigenous Peoples (with the UN Permanent Forum on Indigenous Issues) and the associated extensive consultations conducted, the UN Global Compact has engaged hundreds of businesses on how to address adverse impacts and maximize positive impacts on specific stakeholder and rights holder groups. In doing so, the UN Global Compact has been fleshing out the inclusive dimension of corporate sustainability. Work has also begun on a Business Guide to the Convention on the Rights of Persons with Disabilities.
Appendix – Other background information on the UN Global Compact

**The UN GC – Vision & Objectives**

- At the heart of the UN 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 sustainable development.

- The UN Global Compact works toward the vision of a sustainable and inclusive global economy which delivers lasting benefits to people, communities, and markets. To help realize this vision, the initiative seeks to:
  1. Mainstream the UN Global Compact’s Ten Principles in business strategy and operations around the world;
  2. Catalyze business action in support of UN goals and issues, with emphasis on partnerships and collective action.

- The implementation of universal principles into business is a long-term process. The UN Global Compact thus encourages participants to follow a path of continuous improvement with priority for addressing the most serious adverse impacts first.

- 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 UN 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 UN 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.