Overview of the main international instruments on responsible business conduct

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WHAT INSTRUMENTS WILL WE LOOK AT?

- OECD Guidelines for Multinational Enterprises
- ISO 26000
- UN Guiding Principles on Business and Human Rights
- UN Global Compact
UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

▪ Authoritative UN Framework on Business and Human Rights
▪ Unanimously endorsed by the UN Human Rights Council in June 2011
▪ Supported by Governments, Business, Trade Unions and NGOs
▪ Based on existing international human rights treaties and conventions
▪ Based on the “protect, respect and remedy” framework:
  – Protect: it is the duty of the state to protect its people 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.
WHAT IS EXPECTED FROM COMPANIES?

To meet the responsibility to respect human rights, a business needs to have:

- Policy commitment to meet the responsibility to respect human rights
- Human rights due diligence process to identify, prevent, mitigate and account for how the company addresses its human rights impact
- Processes to enable remediation of any adverse human rights impacts the company causes or to which it contributes
KEY CONCEPT DUE DILIGENCE

- Due diligence is the process whereby enterprises identify, prevent and mitigate actual and potential adverse human rights effects to stakeholders.

- Nature and scope of due diligence demand a tailor-made approach (depending on enterprise size, the context of the business activity, the gravity of the adverse effects).
QUESTIONS ON UN GUIDING PRINCIPLES?
UN GLOBAL COMPACT

- The Global Compact describes itself as the largest voluntary corporate sustainability initiative in the world.

- Has its origins in a speech by the then UN Secretary-General Kofi Annan at the 1999 World Economic Forum in Davos, where he called on the business community to join with the UN in helping to put a human face on globalisation.

- 10 principles on Human Rights, Labour Standards, Environment, Corruption.

- More than 12,000 participants, including over 9,000 businesses, in 145 countries around the world.

- Global Compact office in New York has a budget of US $9 million.
THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

Human rights
• Support and respect the protection of internationally proclaimed human rights within their sphere of influence, and
• Make sure that they are not complicit in human rights abuses.

Labour relations
• Uphold freedom of association and the effective recognition of the right to collective bargaining, and
• encourage elimination of all forms of forced and compulsory labour,
• effective elimination of child labour, and
• elimination of discrimination in respect of employment and occupation.

Environment
• Support for a precautionary approach to environmental challenges,
• Undertake initiatives to promote greater environmental responsibility, and
• Encourage development and diffusion of environmentally friendly technologies.

Combatting Corruption
• Businesses should work against all forms of corruption, including extortion and bribery.
WHAT COMMITMENTS ARE REQUIRED OF SIGNATORIES?

▪ to make the ten principles part of their business strategies and day-to-day operations;

▪ to issue an annual Communication on Progress (COP), a public disclosure to stakeholders (investors, consumers, civil society, governments, etc.) on progress made in implementing the ten principles, and in supporting broader UN development goals;

▪ to advocate for the Global Compact;

▪ There is also the expectation that signatory companies contribute to the financing of the Global Compact Office and the regional and local network activities.
WHAT HAPPENS IF A GC MEMBER FAILS IN ITS COMMITMENT?

- If a member fails to communicate its progress by the deadline, it will be listed on the Global Compact website as "non-communicating". If a further year passes without the submission of a COP, the company will be expelled.

- The Global Compact reserves the right to publish the names of companies that have been expelled for failure to communicate progress.

➢ Thus, before signing up, a company should be aware of the long-term commitments involved.
WHY IS THE GLOBAL COMPACT RELEVANT FOR BUSINESS?

- The Global Compact is one useful tool and framework for guiding responsible business.

- There is growing stakeholder expectation that companies adhere to the principles of the Global Compact, and in 2011 the EU Commission issued a Communication on CSR, inviting large European enterprises to make a commitment by 2014 to take the principles into account when developing their CSR approaches.

- The Global Compact offers a comprehensive structure to promote peer learning through its multiple working groups and regional and local networks.
QUESTIONS ON THE GLOBAL COMPACT?
OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

- Recommendations from governments to business.
- Responsible business behaviour abroad in ten areas.
- Not exclusively addressed to large enterprises: they expressly also relate to small and medium-sized enterprises that are active on a multinational scale.
- Voluntary, but grievance mechanism (mediation by National Contact Points).
- Not legally enforceable, because they are intended to stimulate fair behaviour and not to trigger legal disputes.
CONTENT OF THE OECD GUIDELINES

- General policies
- Disclosure
- Human rights
- Employment and industrial relations
- Environment
- Combating bribery
- Consumer interests
- Science and technology
- Competition
- Taxation
WHAT IS THE ESSENCE OF THE OECD GUIDELINES?

Multinational enterprises should avoid adverse impacts of their own business activities on the interests that are covered by the Guidelines. Which means

- do not cause.
- do not substantially contribute.
- seek to avert that partners infringe (“This is not intended to shift responsibility”).
- encourage suppliers to apply.
QUESTIONS ON THE OECD MNE GUIDELINES?
ISO 26000

- ISO (International Organization for Standardization) is the world’s largest developer of voluntary international standards.

- Founded in 1947, it has published more than 19,500 International Standards covering most aspects of technology and business.

- ISO is also becoming increasingly active in the social sphere: ISO 26000, ISO work on Human Resources.
OBJECTIVES OF ISO 26000

- to assist all kinds of organizations in contributing to sustainable development.
- ISO 26000 is a voluntary guidance standard.
- ISO 26000 is not a management system standard.
- It is not intended or appropriate for certification purposes or regulatory or contractual use.
CONTENT OF ISO 26000

- Definition of key terms and the principles of SR (ch. 2 and 4).
- Guidance on recognising SR and identify and engage the relevant stakeholder (ch. 5).
- Core subjects of SR (ch. 6).
- Recommendations on how to integrate SR into the organisation (ch. 7).
SEVEN PRINCIPLES OF SOCIAL RESPONSIBILITY

❖ **Accountability** for impacts on society, the economy and the environment
❖ **Transparency** in decisions and activities that impact on society and the environment
❖ **Ethical behaviour**
❖ **Respect, consideration and responsiveness towards stakeholder interests**
❖ **Respect for the rule of law**
❖ **Respect for international norms of behaviour**
❖ **Respect for human rights** and recognition of their importance and universality
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<td>Core subject: Fair operating practices</td>
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WHAT ARE THE MAIN STRENGTHS OF ISO 26000?

- It reflects broad international consensus on the elements of social responsibility, drawn from authoritative international instruments.
- As such, it serves as a good basis for cross-border discussions on social responsibility.
- It provides good orientation for starting a social responsibility journey.
- It contains a good basis for engaging in stakeholder dialogue and other external discussions.
- It allows for freedom of use: users may draw upon as much or as little of the guidance as necessary to help inform their own social responsibility policies or practices.
WHAT ARE THE MAIN WEAKNESSES?

- Unlike other international SR instruments, ISO 26000 is **not available free of charge**.
- At 118 pages, it is **long, complex and difficult to read**.
- Many elements of the guidance are oriented more toward larger organizations and will **not be relevant for smaller or medium-sized organizations**.
- The guidance **tends to dictate** actions rather than to explain the benefits of SR and encourage action.
- Even though ISO 26000 is explicitly not for certification, **it has been misused** by many certification services.
QUESTIONS ON ISO 26000?

Q & A
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