

THE UN GLOBAL COMPACT: A PRIMER ON THE PRINCIPLES

YOU MAY SKIP THIS CHAPTER IF YOU WISH — but only temporarily, because, if you dive into the next chapter, 'Getting Started', you will soon realise that you need to understand more about the basics of the Global Compact in order to address one or more of the following dilemmas:

- **An ethical dilemma.** At the deepest level, beyond your published declarations, where do your values, your business model or your activities clash with this set of universal principles?
- **A leadership dilemma.** Why should your company's vision and mission reflect the principles of the Global Compact? And, of all the expectations, which is the most important for your organisation? With limited resources, what should you change first?
- **A governance dilemma.** How legitimate is it to expect your employees and commercial partners to move beyond, or even against, local public policy?

- **A global–local dilemma.** What is the best way to ensure that the company applies the global principles of the Compact while also addressing local conditions, policies and perspectives?
- **A practical dilemma.** How will you adapt your daily routines to ensure that your company makes these principles operational and fulfils its commitments?

These dilemmas are related. Understanding the basics is necessary for making the most desirable choices and creating new approaches.

The Global Compact Principles are each based on concepts established in international agreements: the Universal Declaration of Human Rights,¹ the International Labour Organisation (ILO) Declaration of Fundamental Principles and Rights at Work² and the Rio Declaration on Environment and

Development.³ We have invited the relevant UN agencies to provide these introductions to the principles and are grateful to the UN High Commission on Human Rights, the International Labour Organisation and the UN Environment Programme for their contributions to this book.

The Global Compact Principles relating to human rights

International human rights standards have traditionally been the responsibility of governments, aimed at regulating relations between the state and individuals or groups. As the influence and reach of companies has grown, there is a developing consensus that human rights are also applicable to private bodies. Although the principle that human rights apply to business is far more widely accepted now than ten years ago, the *meaning* of the link between business and human rights remains

¹ See footnote 2 on page 15.

² See footnote 3 on page 15.

³ See www.un.org/documents/ga/conf151/aconf15126-1annex1.htm; see also page 40.

unclear for many. There remains substantial debate over which human rights can and should apply to business and in what way. There is also considerable debate on how business can support and respect human rights in conjunction with other actors.

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

Which internationally proclaimed human rights are covered by Principle 1?

The human rights encompassed in Principle 1 of the Global Compact arise out of the Universal Declaration of Human Rights (UDHR) adopted by the UN General Assembly in 1948. The Universal Declaration, defining itself as 'a common standard of achievement for all peoples and all nations', both proclaims a set of fundamental values shared by the international community and sets rules acknowledging rights and corresponding duties to protect those values. Many commentators recognise the Universal Declaration as an interpretation of the human rights values stated in the UN Charter and part of international customary law. The rights laid down in the Declaration have been further elaborated in a number of international treaties, with two of the most important being the International Covenant on Economic, Social and

Cultural Rights and the International Covenant on Civil and Political Rights.⁴ The principles enshrined in these documents are, in many cases, brought into national laws when they are ratified by governments.

The Universal Declaration makes 'every individual and every organ of society' responsible for promoting and respecting the rights and freedoms it contains. This concept of 'every organ of society' has been broadly interpreted to cover private entities such as companies.

The Universal Declaration embraces three critical areas of human rights:

- **Rights protecting life and security of the person.** Among others, these include the right to:
 - Life, liberty and security
 - Freedom from slavery, servitude, torture and cruel, inhuman or degrading treatment or punishment
 - Equal protection of the law
 - Freedom from arbitrary arrest
 - Judicial remedy against human rights violations before a court

⁴ Details of the International Covenant on Economic, Social and Cultural Rights may be found at www.unhchr.ch/html/menu3/b/a_cescr.htm; details of the International Covenant on Civil and Political Rights may be found at www.unhchr.ch/html/menu3/b/a_opt.htm.

- **Economic, social and cultural rights.** These include the right to:
 - A standard of living adequate for health and well-being that includes food, clothing, housing, medical care and access to social services and social security
 - Education
 - Just and favourable remuneration ensuring workers and their families an existence worthy of human dignity
 - Form and join trade unions
 - Rest and leisure

These rights are intended to be realised through national efforts and international cooperation in accordance with conditions in each state.

- **Personal and political rights and freedoms.** These include the right to:
 - Freedom of movement
 - Privacy in matters concerning family, home and correspondence
 - Own property and the prohibition of arbitrary deprivation of property
 - Freedom of expression, religion, peaceful assembly and association

In principle, all human rights apply to private corporations. However, their applicability will depend on a given situation. In summer 2003, the UN Sub-Commission on the Promotion and

Protection of Human Rights adopted a document containing a proposed set of 'norms'.⁵ These seek to identify which human rights apply directly to companies. The Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights include:

- The right to equal opportunity and non-discriminatory treatment
- The right to security of persons
- The rights of workers
- Economic, social and cultural rights

Much of the global debate about business and human rights has focused on preventing violations attributed to companies. Considerably less attention has been given to the opportunities companies have to contribute to the positive enjoyment of human rights. Principle 1 of the Global Compact encourages companies to consider how they can promote such progress, consistent with the role of business.

In fact, in many cases, companies may be acting to support and respect human rights without using the label of 'human rights'. To begin with, companies incorporate international human rights standards in their operations by adhering to national laws that have been adopted as a result of a state's international human rights obligations and

commitments. In other words, the kinds of human rights policies that businesses may be expected to implement as a result of a commitment to Principle 1 of the Global Compact include existing policy and practice linked to legal obligations or voluntary practice, such as provision of health insurance to workers, implementation of worker safety regulation, stakeholder dialogue, positive involvement in communities in which they operate and support for the rule of law and transparent and fair legal systems.

What is meant by 'support and respect'?

Respect for human rights means that corporations must refrain from any action or omission that would violate human rights or encourage or assist the commission of such violations. The notion of support for human rights means that, within their sphere of influence, corporations are expected to strive for full respect for human rights.

The Office of the UN High Commissioner for Human Rights has described the role of corporations — as 'organs of society' — under the Universal Declaration as follows:

Corporations should strive for, and help uphold, democracy, the rule of law and full respect for human rights in the countries in which they operate. They should do nothing, directly or indirectly, to subvert these precepts. Corporations themselves should take particular care to ensure that their activities and practices do not contravene international human rights law . . . Corporations

should never be associated with, and should actively combat, racial, gender, social and other . . . forms of discrimination . . . They should play their part in implementing the right to work, to just and favourable conditions of work, the right of everyone to social security, including social insurance . . . the right of everyone to an adequate standard of living, the right to health, the right to education.

Further clarification of corporate responsibilities depends on the given situation in which a company is acting and on its relationship with other actors, all covered by the notion of 'sphere of influence'. Importantly, the human rights context of business varies across industries. Although all companies have the need to attend to labour rights (as all companies have employees), other issues — such as free expression, the use of security forces and access to certain goods considered public or quasi-public — are more prominent in some industries than they are in others.

What is the 'sphere of influence'?

Companies should assess their spheres of influence and design their human rights responsibilities accordingly.

At least three arguments have been said to underpin the importance of the idea of 'sphere of influence'. First, the people closest to a company, namely its employees, are those with whom it is most likely to have a direct relationship and for whom it has direct

⁵ For the Norms on the Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, see page 38.

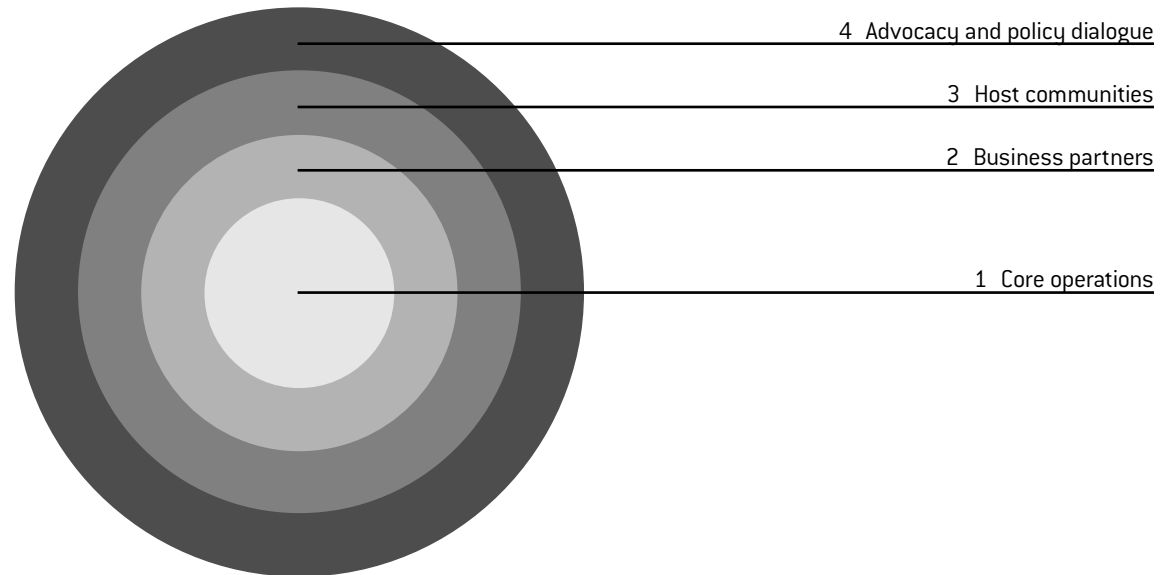
responsibility. It follows that, whatever its general obligations to society, a company should take care not to harm its employees and should seek to ensure that they are treated properly. Second, within its sphere of influence, a company is most likely to know, or ought to know, the human rights consequences of its actions and omissions. If a company can predict or reasonably foresee that its actions or failures to act will result in human rights violations, then it is at least morally obliged to try to prevent them from occurring. Third, it is in relation to the people or institutions with whom it is closest that a company will have power, authority, influence, leverage or opportunity to protect victims or intervene with abusers.

A company's sphere of influence is an emerging concept in international human rights discourse. Various attempts in this regard focus on people and situations in political, contractual, economic or geographic proximity. One view of companies' spheres of influence — illustrated in Figure 1 — comes from a publication by Amnesty International and The Prince of Wales International Business Leaders Forum,⁶ which provides the following framework, in order of priority:

- 1 Core operations.** This includes human rights compliance under labour laws and in the direct use of security forces.

⁶ Amnesty International and The Prince of Wales International Business Leaders Forum, *Human Rights: Is It Any of Your Business?* (London: Amnesty International, 2000).

Figure 1 A COMPANY'S SPHERES OF INFLUENCE



- 2 **Business partners.** This includes ensuring that all contracts with partners and suppliers are in compliance with human rights and that compliance is subject to independent monitoring and verification.
- 3 **Host communities.** This includes stakeholder engagement and consultation, and partnership activities based on equity, transparency and mutual benefit.
- 4 **Advocacy and dialogue with government.** This applies to transnational corporations having considerable economic leverage with a government.

How can human rights be of help to companies?

Respect and support for human rights are conducive to business in general and to individual companies.

International human rights standards have been 'tried and tested' in corporate life, having proved their worth in policy and operational dimensions. Some companies implement these across functions and operations within the framework of policies addressing corporate social responsibility, health and safety, non-discrimination and the environment. Such principles have widespread legitimacy and are broadly accepted. Implementation can gain companies respectability and help to align their behaviour with the expectations of their stakeholders. The application

of internationally recognised standards also helps create a 'level playing field' on which business is competing on an even basis. In addition, respect and support for human rights are vital for upholding the rule of law, which is essential to sound business in that it contributes to a stable and predictable operational environment. Finally, actions based on human rights principles provide a moral dimension to companies' operations, which will help to address stakeholder concerns.

The international community is increasingly sensitive to human rights violations, and the image of a corporate actor is at serious risk if its human rights record raises doubts. Numerous campaigns against companies accused of violating human rights standards indicate the increased awareness of human rights within the general public. Companies operating in countries where serious human rights violations occur are under heightened scrutiny from local and international communities, non-governmental organisations (NGOs), consumer groups and the media. These companies will find that a human rights policy is an essential element of sound risk management and reputation assurance.

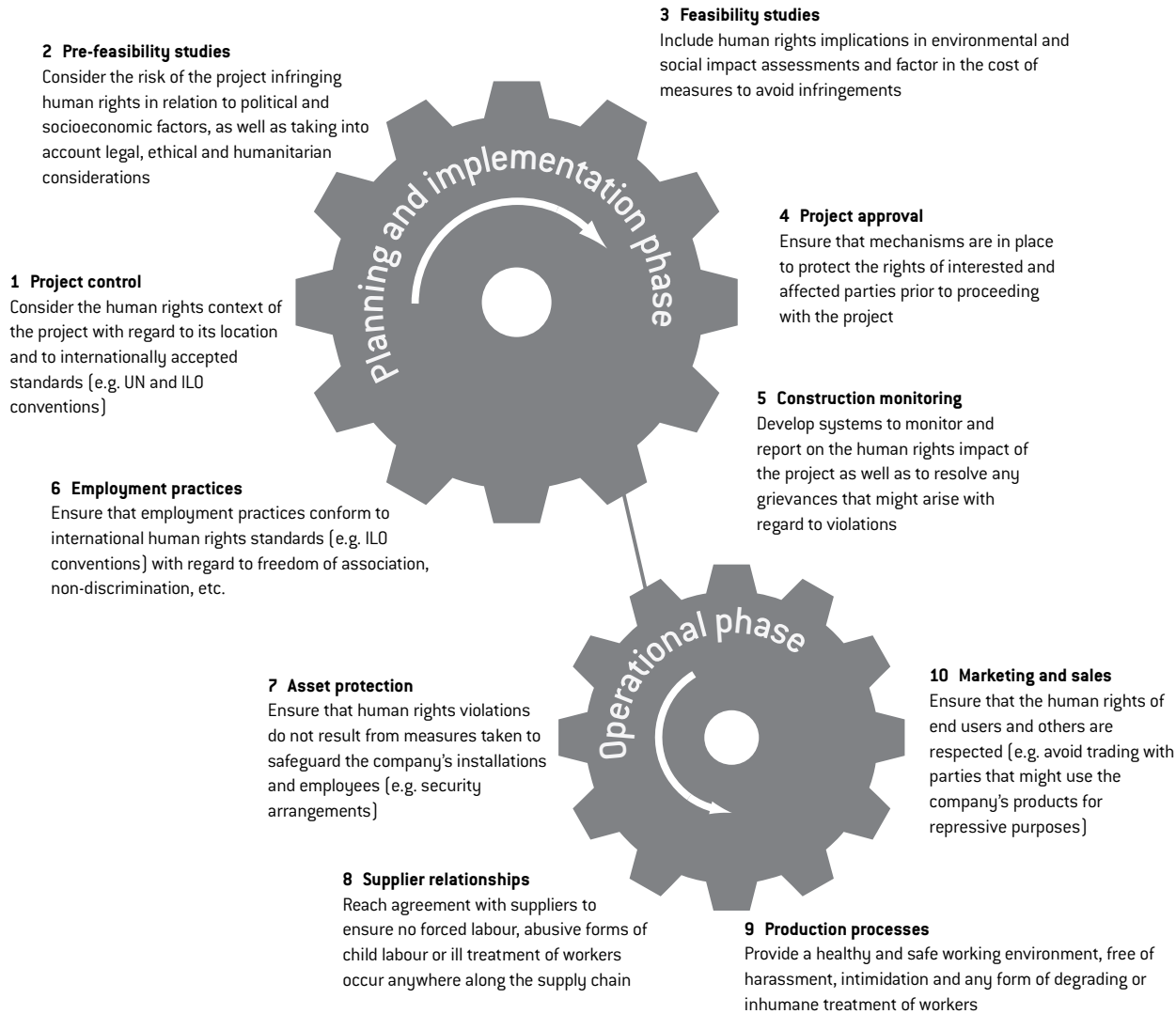
To which operations do human rights apply?

It is also useful to break down the aspects of a company's operations where human rights considerations might be applied. Indeed, this is another way to consider the spheres of influence a company has with respect to human rights. Although different products and projects may make

some of these areas more important than others for certain firms or sectors, Figure 2 provides a framework that can be used to consider in which operations human rights issues might arise.

Figure 2 HUMAN RIGHTS IN A PROJECT LIFE CYCLE

Source: Amnesty International/The Prince of Wales International Business Leaders Forum



Principle 2

Businesses should ensure that their own operations are not complicit in human rights abuses.

Much of the criticism of multinational corporations has focused on companies that are perceived to be associated with gross and systematic violations of human rights in countries in which they operate. Typically, the charge made is that a company colludes, conspires or acquiesces in a pattern of abuse committed by a government. In other words, the companies are said to be 'complicit' in the abuses committed by the authorities.

The direct violation of human rights is often clear, but the question of complicity is not always as easy to determine. Some have argued that merely conducting business in countries where systematic human rights violations are occurring constitutes complicity. Many have also argued that a company's failure to intervene publicly with a government committing human rights violations in circumstances where there is a link to the company's own operations makes that company complicit. Moreover, the relevance of this concept is growing, as several multinational companies have recently faced high-profile lawsuits for complicity in human rights violations allegedly committed by others.

In legal terms, the concept of 'complicity' means facilitating someone else's violations of human rights. To avoid such situations, both a determined policy and a thorough understanding of the concept of complicity are required.

In simple terms, complicity in human rights violations means that a firm is indirectly involved in violating the human rights of others. Direct involvement results from a firm's own employees acting as a function of company policy. Indirect involvement can take many forms but typically involves the violation of human rights by a firm's contractor, joint-venture partner, host government or other independent actor, acting on behalf of or with the active aid and encouragement of the firm in question. A company can be considered complicit in human rights violations if it authorises, tolerates or knowingly ignores the human rights violations of one of its business partners, committed in the furtherance of the two parties' common business goals. In addition, in some instances, the failure of the company to take action to prevent another party from committing violations may be interpreted as complicity, especially if the company is perceived to be a beneficiary of those violations.

A company may also be complicit in the human rights violations of the host government of a country where it operates. It is common for corporations to work with host governments on commercial projects in which both have an interest. In some instances, governments have committed human rights abuses in the process of these joint ventures. Companies that knowingly participate in a joint project with a host government that is committing human rights abuses in relation to that project may be considered complicit in such abuses.

If a company becomes aware of an indirect relationship to human rights violations related to

any of its projects it should consider its role in that relationship carefully. Generally speaking, to be considered complicit in a human rights violation, the participation of the company need not actually cause the violation. Rather, the company's *assistance* or *encouragement* has to be to a degree that, without such participation, the violations *most probably* would not have occurred to the same extent or in the same way. A simple question for a company to ask itself is: if we or a company like ours were *not* doing business with the partner in question, what would be the effect on the violation of human rights? If the answer is that the human rights violations would occur to a lesser extent, or not at all, then that is a good indicator that the company may be complicit in the human rights violations.

Degrees of complicity

The final report of the South African Truth and Reconciliation Commission,⁷ which examined the role of businesses under the apartheid regime, provides a useful illustration of how complicity can be applied to a specific situation.

The Commission concluded that business was central to the economy that sustained the apartheid state. Although it did not conclude that *all*

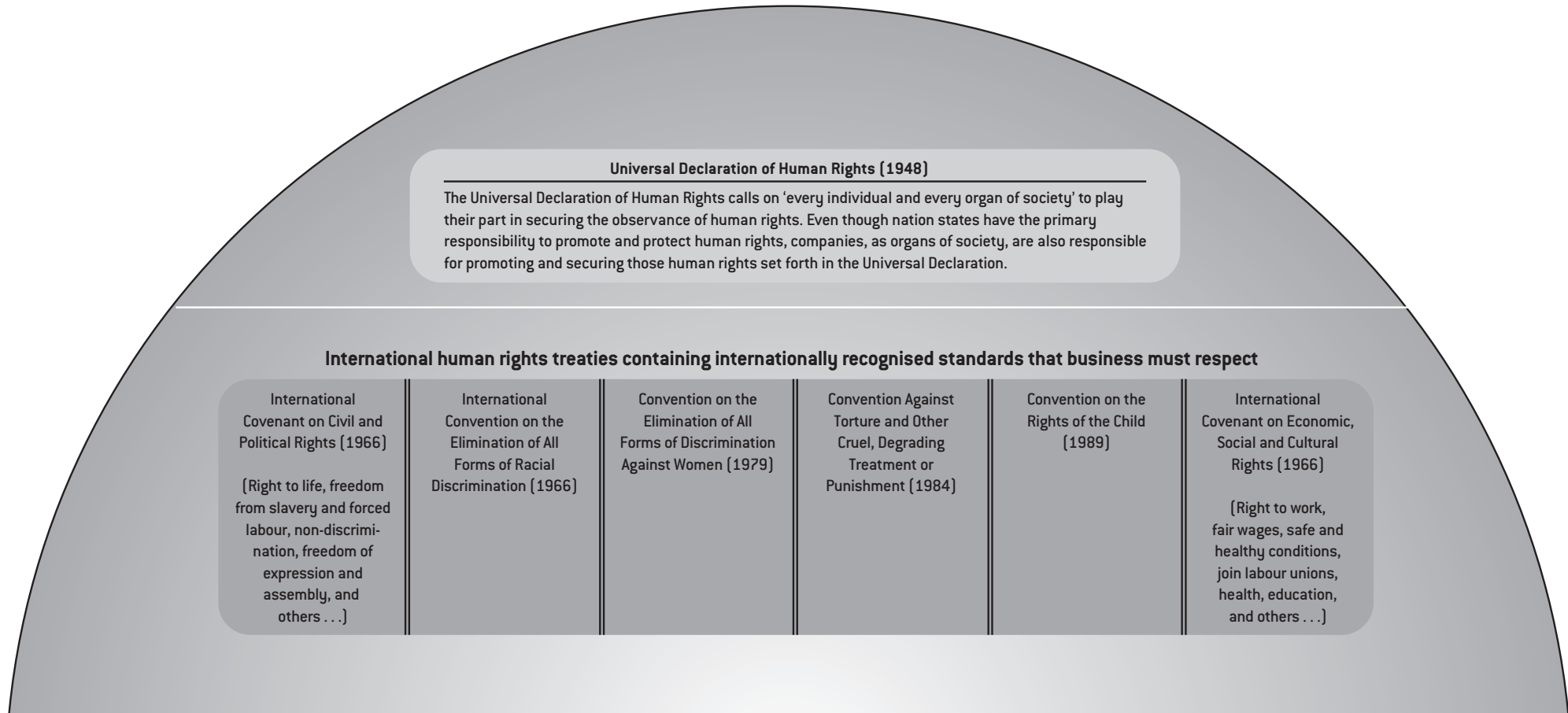
businesses operating in South Africa supported or benefited equally from apartheid, it distinguished three levels of moral responsibility of businesses:

- Companies that actively helped to design and implement apartheid policies were found to have had 'first-order involvement'. The mining industry was especially guilty of working with the government to shape discriminatory policies, such as the migrant labour system, for its own advantage.
- Companies that knew the state would use their products or services for repression were accused of 'second-order involvement'. This is another form of complicity through active assistance, albeit of a more indirect form. The Commission cited banks, for example, that provided covert credit cards for repressive security operations, and the armaments industry, which knew the equipment it produced would be used to abuse human rights domestically and abroad.
- Finally, the Commission identified 'third-order involvement' — ordinary business activities that benefited indirectly by virtue of operating within the racially structured context of an apartheid society.

⁷ www.gov.za/reports/2003/trc

Figure 3 MAKING SENSE OF HUMAN RIGHTS INSTRUMENTS

Source: based on the figure produced by Amnesty International



Regional human rights treaties containing internationally recognised standards relevant to business

European Convention for the Protection of Human Rights and Fundamental Freedoms (1950)

African Charter on Human and People's Rights (1981)

European Social Charter (1961)

American Convention on Human Rights (1969)

Arab Charter on Human Rights (1994)

Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (1988)

Specific international conventions, principles and codes relevant to business

UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials (1990); UN Code of Conduct for Law Enforcement Officials (1979); Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of the OECD (2001); Rio Declaration on the Environment and Development (1992); World Summit on Sustainable Development Plan of Development (2002); International Code of Marketing of Breast-milk Substitutes (1981); ILO Convention No. 87 Concerning the Freedom of Association and Protection of the Right to Organise; ILO Declaration on Fundamental Principles and the Rights at Work (1998); ILO Convention No. 169 on Indigenous and Tribal Peoples (1989); and others . . .

Commitments specific to business containing human rights standards

UN Global Compact (2000); OECD Guidelines on Multinational Enterprises (2000); ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (1977); and others . . .

Norms of Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (2003)

The Norms were produced by an expert group of the UN Sub-Commission on the Promotion and Protection of Human Rights to be consistent with international, regional and multilateral agreements, conventions, principles and declarations. They relate these standards to specific human rights responsibilities of business.

The Global Compact principles relating to labour rights

The four labour principles of the Global Compact are taken from the ILO Declaration of Fundamental Principles and Rights at Work. Adopted in 1998 by the International Labour Conference, a yearly tripartite meeting that brings together governments, employers and workers from 177 countries, the Declaration calls on all ILO member states to apply the principles in line with the original intent of the core Conventions on which it is based. A universal consensus now exists that all countries, regardless of level of economic development, cultural values or ratification of the relevant ILO Conventions, have an obligation to respect, promote and realise these fundamental principles and rights. At the 2003 G8 meeting in Evian, France, the leaders of the industrialised world encouraged companies to work with other parties to implement the Declaration.

The principles and rights identified in the ILO Declaration comprise the labour portion of the Global Compact. They are:

- To promote and realise in good faith the right of workers and employers to freedom of association and the effective recognition of the right to collective bargaining
- To work towards the elimination of all forms of forced and compulsory labour
- The effective abolition of child labour

- The elimination of discrimination in respect of employment and occupation

The aim of the ILO is to harness the support of the business community for these principles through the Global Compact. The labour principles deal with fundamental rights in the workplace. The challenge for business is to take these universally accepted values and apply them at company level.

In the following we describe each of these labour principles. It should be noted that a thorough explanation of the principles, including the theory and legal aspects, is beyond the scope of this book but can be found on the ILO website, at www.ilo.org/business.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Unfortunately, often the only time many people hear about the activities of unions and organised labour is when there is a disruption of services caused by walkouts or strikes. As a result, union roles and activities are often portrayed and perceived negatively. In reality, establishing a genuine dialogue with freely chosen workers' representatives enables workers and employers to understand each other's problems better and to find ways to resolve them. Security of representation is a foundation for building trust on both sides.

Freedom of association and the exercise of collective bargaining provide opportunities for constructive rather than confrontational dialogue, and this harnesses energy to focus on solutions that result in benefits to the enterprise, its stakeholders and society at large.

A number of studies — including a recent World Bank study⁸ — indicate that the dynamic that results from freedom of association can set in motion a 'decent work-cycle' that increases productivity, income and profits for all concerned. The World Bank found that, at the macroeconomic level, high rates of unionisation led to lower inequality in earnings and can improve economic performance in the form of lower unemployment and inflation, higher productivity and speedier adjustment to economic 'shocks'.

The guarantee of representation through a 'voice at work' facilitates local responses to a global economy and serves as a basis for sustainable growth and secure investment returns. This can help bridge the widening representational gap in global work arrangements and facilitate the input of those people, regions and economic sectors — especially women and informal sector workers — who otherwise may be excluded from participating in processes that build decent work environments.

⁸ World Bank, *Unions and Collective Bargaining: Economic Effects in a Global Environment* (Washington, DC: World Bank, 2003).

Freedom of association

Freedom of association implies a respect for the right of employers and workers to join associations of their own choice. It does not mean that workforces must be organised or that companies must invite unions into the workplace. Rather, it implies that employers should not interfere in an employee's decision to associate or discriminate against the employee or a representative of the employee.

The freedom to associate involves employers, unions and workers' representatives freely discussing issues at work in order to reach agreements that are jointly acceptable. These freedoms also allow for industrial action to be taken by workers (and organisations) in defence of their economic and social interests.

Collective bargaining

Collective bargaining refers to the process or activity leading to the conclusion of a collective agreement. Collective bargaining is a voluntary process used to determine terms and conditions of work and the regulation of relations between employers, workers and their organisations. It is important to maintain harmonious industrial relations. This principle implies that the employers, employees and their organisations work together and make every effort to reach an agreement through genuine and constructive negotiations and that both parties avoid unjustified delays in negotiations. This does

not imply a predefined level of bargaining or require compulsory bargaining on the part of employers or workers and their organisations.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour.

Forced or compulsory labour is a concept that is often misunderstood. For example, the fact that wages or other compensation are paid to a worker does not guarantee that the labour is not forced or compulsory. In fact, forced or compulsory labour is any work or service that is extracted from any person under the menace of any penalty and for which that person has not offered himself or herself voluntarily. By right, work should be supplied without restraint, and employees should be free to leave in accordance with established rules.

Forced labour deprives societies of the opportunity to develop human resources for the modern labour market and to develop skills and educate children for the labour markets of tomorrow. The debilitating consequences of forced labour are felt by the individual, in particular by children, as well as by the economy itself as the degradation of human capital and social stability results in insecure investments.

By retarding the proper development of human resources, forced labour lowers the level of productivity and economic growth for society generally. The loss of income due to disruption of

regular jobs or income-generating activities reduces the lifetime earnings of whole families and, with it, the loss of food, shelter and healthcare.

While companies operating legally do not normally employ such practices, forced labour can become associated with enterprises through their use of contractors and suppliers. As a result, all managers should be aware of the forms and causes of forced labour, as well as how it might occur in different industries. Forced and compulsory labour can take a number of forms:

- Slavery
- Bonded labour or debt bondage, an ancient practice still in use in some countries, in which adults and children are obliged to work in slave-like conditions to repay debts of their own, their parents or relatives
- Child labour in particularly abusive conditions where the child has no choice about whether to work
- Work or service of prisoners if they are hired to, or placed at the disposal of, private individuals, companies or associations involuntarily and without supervision by public authorities
- Labour for development purposes required by the authorities: for instance, to assist in construction, agriculture and other public works
- Work required in order to punish opinion or expression of views ideologically opposed to

the established political, social or economic system

- Exploitative practices such as forced overtime or the lodging of deposits (financial or personal documents) for employment

Principle 5

Businesses should uphold the effective abolition of child labour.

Child labour has occurred at some point in time in virtually all parts of the world as nations have undergone different stages of development. It remains a serious issue today in many developing countries — although it also exists (less visibly) in industrialised countries.

Child labour deprives children of their childhood and their dignity. Many children work long hours for low or no wages, often under conditions harmful to their health and to their physical and mental development. They are often denied the opportunity to a proper education and may be separated from their families. Children who do not complete their primary education are likely to remain illiterate and never acquire the skills needed to get a job and contribute to the development of a modern economy. Consequently, the use of child labour results in scores of underskilled, unqualified workers and jeopardises future improvement of skills in the workforce.

Child labour occurs because of the pressures of poverty and lack of development but also simply as a result of exploitation. It exists both in the formal and in the informal economy. However, it is in the informal economy where the majority of the worst forms of child labour are found.

Although children enjoy the same human rights as adults, their lack of knowledge, experience and power has resulted in the establishment of specific legal protections for them. These rights include protection from economic exploitation and work that may be dangerous to their health or morals and that may hinder their development. This does not mean that children should not be allowed to work, rather that there are standards that distinguish what constitutes acceptable or unacceptable work for children at different ages and stages of their development.

Employers should not use child labour in ways that are socially unacceptable and that lead to a child losing his or her educational opportunities. The complexity of the issue of child labour means that companies need to address the issue sensitively and not take action that may force working children into more exploitative forms of work. Nevertheless, as Principle 5 states, the goal of all companies should be the abolition of child labour within their sphere of influence.

The use of child labour can damage a company's reputation. This is especially true in the case of multinational companies with extensive supply and service chains, where the economic exploitation of children, even by a business partner, can damage a

brand image and have strong repercussions on profit and stock value.

Definitions

ILO Conventions recommend a minimum age for admission to employment or work that must not be less than the age for completing compulsory schooling and, in any case, not less than 15 years. However, lower ages are permitted — generally, in countries where economic and educational facilities are less well developed, the minimum age is 14 years, and 13 years for 'light' work (see Table 1).

Type of work	Minimum age	
	<i>Industrialised countries</i>	<i>Developing countries</i>
Light	13 years	12 years
Regular	15 years	14 years
Hazardous	18 years	18 years

Table 1 GENERALLY APPLICABLE MINIMUM AGES FOR EMPLOYMENT

Priority is given to eliminating, for all persons under the age of 18 years, the worst forms of child labour, including hazardous types of work or employment. These are defined as:

- All forms of slavery, including the trafficking of children, debt bondage, forced and

compulsory labour and the use of children in armed conflict

- The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic purposes
- The use, procuring or offering of a child for illicit activities, in particular the production and trafficking of drugs
- Work that is likely to harm the health, safety or morals of the child as a consequence of its nature or the circumstances under which it is carried out

Principle 6

Businesses should eliminate discrimination in respect of employment and occupation.

Discrimination can take many forms, both in terms of gaining access to employment and in the treatment of employees once they are in work. It may be direct, such as when laws, rules or practices explicitly cite a reason such as sex or race to deny equal opportunity. Most commonly, discrimination is indirect and subtle, arising where rules or practices have the appearance of neutrality but, in fact, lead to exclusion. This 'indirect' discrimination often exists informally in attitudes and practices which, if unchallenged, can perpetuate in organisations. Discrimination may also have cultural roots that demand more specific individual approaches.

The definition of discrimination in employment and occupation is 'any distinction, exclusion or preference which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation', and is made on the basis of 'race, colour, sex, religion, political opinion, national extraction or social origin'. Obviously, distinctions based strictly on the inherent requirements of the job are not discrimination.

Discrimination can arise in a variety of work-related activities. These include access to employment and to particular occupations and to training and vocational guidance. Moreover, it can occur with respect to the terms and conditions of the employment, such as, for example, equal remuneration, hours of work and rest, paid holidays, maternity leave, security of tenure, advancement, social security and occupational safety and health. In some countries, additional issues for discrimination in the workplace, such as age and HIV status, are growing in importance. It is also important to realise that discrimination at work arises in a range of settings and can be a problem in all types of business.

Non-discrimination means simply that employees are selected on the basis of their ability to do the job and that there is no distinction, exclusion or preference made on other grounds. Employees who experience discrimination at work are denied opportunities and have their basic human rights infringed. This affects the individual concerned and negatively influences the greater contribution that they might make to society.

The Global Compact principles relating to the environment

Principle 7

Businesses should support a precautionary approach to environmental challenges.

What is 'a precautionary approach'?

Despite many years of scientific research, knowledge of environmental systems is still not sufficient to predict with certainty the effect of many human activities on the environment. The use of chlorofluorocarbons (CFCs) provides an example of how the hazardous nature of an activity can go unrecognised for many years. CFCs were introduced in the 1940s, but it was not until the 1970s that experts predicted that emissions of CFCs persisting in the atmosphere could lead to ozone depletion in the stratosphere. The first observation of ozone depletion over the Antarctic was reported in 1985, and the Montreal Protocol was signed in 1987.⁹ This historic agreement brought about a phasing-out of the use of CFCs — nearly 50 years after their introduction.

If environmental protection is to be considered an integral part of the development process, how can the environmental risks associated with human

⁹ For the Montreal Protocol, see www.unep.org/ozone/index.asp.

activities be assessed and avoided? The Rio Declaration sets out an extremely important idea, now widely accepted by policy-makers, of a precautionary approach to environmental protection:

In order to protect the environment, the precautionary approach shall be widely applied by states according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.¹⁰

It is important here to point out the existence of two concepts — the 'precautionary approach' as embodied in Principle 15 of the Rio Declaration, and the 'precautionary principle'.

The precautionary *approach* is a softer formulation, as expressed in the Rio Declaration. The precautionary *principle* implies a systemic approach with more stringent requirements with respect to issues such as 'the burden of proof'. This concept of precaution has found its way into a number of multilateral environmental agreements (MEAs) in the 1990s. It has emerged from the German concept of *Vorsorgeprinzip*, which embraces notions of risk prevention, cost-effectiveness, ethical responsibilities towards the environment and a recognition of the uncertain nature of human knowledge and understanding. In its stronger

formulation, precaution as principle has been reflected in national legislation in Sweden, Germany and other Nordic and German-speaking countries since the 1970s and also in EU legislation such as the Seveso Directive.¹¹ The 1992 Maastricht Treaty amendment elevated the precautionary principle to the level of constitutional goal in the EU Treaty (article 174).¹²

Precaution is founded on a number of key concepts, such as:

- **Preventative anticipation.** Action should be taken if necessary *before* scientific proof is available, on the grounds that a delay could cause damage to nature and society.
- **Safeguarding ecological 'space'.** In order to protect and widen the assimilative capacity of the natural environment, one should not impinge on ecological margins; that is, one should refrain from using resources unsustainably.
- **Proportionality of response.** A selected degree of restraint is not unduly costly; in other words, there is a need to show more concern for the possibly greater dangers to future generations arising from the undermining of important life-support systems.

- **Duty of care.** The onus of proof is on those undertaking an activity or carrying out change to demonstrate that they are causing no environmental harm.
- **Promoting intrinsic natural rights.** Natural processes should be allowed to function such that they maintain essential support for all life on Earth.
- **Paying for ecological 'debt'.** One should pay compensation for past errors of judgement as indicated by the notion of 'common but differentiated responsibility' enshrined in a number of multilateral environmental agreements.

A business approach to the concept of precaution

Precaution involves the systematic application of risk assessment (hazard identification, hazard characterisation, appraisal of exposure and risk characterisation), risk management and risk communication. The key element of a precautionary approach, from a business perspective, is the idea of prevention rather than cure. In other words, it is more cost-effective to take early action to ensure that irreversible environmental damage does not occur than to try to remedy it once it has happened. Companies should consider the following:

- Although it is true that prevention of environmental damage entails costs,

¹¹ For the Seveso Directive, see www.ess.co.at/HITERM/REGULATIONS/82-501-eeec.html.

¹² For the Maastricht Treaty and the EU Treaty, see www.europa.eu.int/abc/obj/treaties/en/entoco1.htm.

¹⁰ For details of the Rio Declaration see page 40.

remediation can cost much more, both in terms of clean-up costs and damage to company image.

- Investment in unsustainable production methods has a lower long-term return than does investment in sustainable methods. In turn, improvements in environmental performance mean less financial risk, an important consideration for insurers.
- Research and development related to the creation of more environmentally friendly products can have significant long-term benefits.

Nevertheless, interpretation of the precautionary approach can present difficulties for companies. They will better assess any potential environmental harm if they have a thorough understanding of current environmental impacts as well as of the baseline environmental conditions within their sphere of influence. This requires the development of a life cycle approach to business activities that can manage uncertainty and ensure transparency.

With respect to assessing uncertainty and options for a precautionary approach, a number of useful tools are available to gather the necessary information, such as:

- **Environmental risk assessment.** This establishes the potential for unintended environmental damage alongside other risks.
- **Life cycle assessment (LCA).** This explores the opportunities for more environmentally

benign inputs and outputs in product and process development.

- **Environmental impact assessment (EIA).** This ensures that impacts of development projects are within acceptable levels.
- **Strategic environmental assessment (SEA).** This ensures that the impacts of policies and plans are taken into account and mitigated.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

The 1992 Rio Earth Summit highlighted the true fragility of the planet. The message to companies was spelled out in Chapter 30 of Agenda 21, in which the role of business and industry in the sustainable development agenda is discussed. On the 'responsible and ethical management of products and processes' from the point of view of health, safety and environment, it states:

Towards this end, business and industry should increase self-regulation, guided by appropriate codes, charters and initiatives integrated into all elements of business planning and decision-making, and fostering openness and dialogue with employees and the public.

In the ten years since the Rio Summit the imperative for business to conduct its activities in an environmentally responsible manner has not

lessened. In the Malmö Ministerial Declaration of May 2000, Environment Ministers stated:¹³

A greater commitment by the private sector should be pursued to engender a new culture of environmental accountability through the application of the polluter-pays principle, environmental performance indicators and reporting, and the establishment of a precautionary approach in investment and technology decisions. This approach must be linked to the development of cleaner and more resource efficient technologies for a life cycle economy and efforts to facilitate the transfer of environmentally sound technologies.

The Malmö Declaration also welcomed the Global Compact as 'an excellent vehicle for the development of a constructive engagement with the private sector'. Two years later, government heads called for greater 'corporate environmental and social responsibility and accountability' in the Johannesburg Declaration and Plan of Implementation of the 2002 World Summit on Sustainable Development.¹⁴

It has become clear that, given the central role of the private sector in global governance issues, the public demands that corporations manage their operations in a manner that not only enhances

¹³ For the Malmö Ministerial Declaration, see www.unep.org/malmo/malmo2.pdf.

¹⁴ For details of the Johannesburg Declaration and the Johannesburg Plan of Implementation, see page 40.

economic prosperity and promotes social justice but also ensures environmental protection. Through Principle 8, the Global Compact provides a framework for business to take forward some of the key challenges made in Rio and, even earlier, at the first 'Earth Summit' in Stockholm 1972.

Towards environmentally responsible business practice

Business gains legitimacy by meeting the needs of society, and, increasingly, society is expressing a clear need for more environmentally sustainable practices. One way for business to demonstrate its commitment to greater environmental responsibility is by changing its *modus operandi* from the so-called 'traditional methods' to more responsible approaches to addressing environmental issues (see Table 2).

Such a change in business strategy brings with it a number of benefits. The United Nations Environment Programme (UNEP) has pinpointed the following reasons why a company should think about improving its environmental performance:

- Application of cleaner production and eco-efficiency leads to improved resource productivity.
- New economic instruments (taxes, charges, trade permits) are rewarding clean companies.
- Insurance companies and banks prefer to cover a cleaner, lower-risk company.

Traditional	Sustainable
Inefficient resource use	Resource productivity
End-of-pipe technology	Cleaner production
Public relations	Corporate governance
Reactive	Proactive
Use of management systems	Attention to life cycles and business design
One-way, passive communication	Multi-stakeholder, active dialogue

Table 2 A COMPARISON OF TRADITIONAL AND SUSTAINABLE APPROACHES

- Employees tend to prefer to work for an environmentally responsible company.
- Consumers want cleaner and healthier products and better information.

To take concrete environmentally responsible action the company can proactively chose to work on a consumption and production programme, define quantified improvement targets and report progress against those targets using the guidelines for sustainability reporting as developed under the Global Reporting Initiative (GRI).¹⁵

¹⁵ For more on the GRI, see www.globalreporting.org and pages 202-207.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

What is meant by an 'environmentally friendly technology'?

Encouraging the development and diffusion of environmentally friendly technology is a longer-term challenge for a company that will draw both on the management and the research capabilities of the organisation. For the purposes of engaging with the Global Compact, environmentally friendly technologies are those described in Chapter 34 of Agenda 21 that:

protect the environment, are less polluting, use all resources in a more sustainable manner, recycle more of their wastes and products and handle residual wastes in a more acceptable manner than the technologies for which they were substitutes. [Environmentally sound technologies] are not just individual technologies, but total systems that include know-how, procedures, goods and services, and equipment as well as organisational and managerial processes.

Important here is an understanding that this broad definition not only includes end-of-pipe and monitoring techniques but also *explicitly encourages* more progressive preventative approaches, such as pollution prevention and cleaner production

technologies. The aspiration of this principle is, therefore, towards clean technology, where the function is to provide a human benefit or service, rather than concentrating on products per se.

Reasons to develop and diffuse environmentally sound technologies

Environmentally proficient technologies allow us to reduce the use of finite resources and to use existing resources more efficiently. For example, improvements in the power–weight ratio of batteries has led to a significant reduction in the use of toxic heavy metals while bringing substantial benefits to the consumer.

Waste storage, treatment and disposal is costly both in financial and in environmental and social terms. As environmentally sound technologies (ESTs) generate less waste and residues, the continued use of inefficient technologies can represent increased operating costs for business. In addition, it results in a retrospective focus on control and remediation rather than on prevention. In contrast, the avoidance of environmental impacts through pollution prevention and ecological product design increases the efficiency and overall competitiveness of the company and may also lead to new business opportunities.

As ESTs reduce operating inefficiencies they also lead to lower occupational exposure levels and

pollution emission, and contribute to reduced rates of accidents.

Methods to promote the use and diffusion of environmentally sound technologies

Engagement with Principle 9 will depend, to some extent, on the size and nature of the business. However, all companies will want to pursue the business benefits that come from a more efficient use of resources. As this principle captures 'hard' technologies and 'soft' systems the potential entry points are broad. At the level of the operating unit, technology improvement can be implemented through a combination of process change, raw material substitutions, product redesign and re-use on-site of the various materials resulting from the process. This implies a new approach to research and development and systemic thinking that encompasses the full life cycle of what is produced. It can also mean the building of new alliances between various cleaner technology providers and users.

And what about corruption?

Corruption is an overarching issue for the nine principles of the Global Compact. In its broadest definition, also taking into account private-to-private corruption, 'corruption is the misuse of entrusted power for private benefit'. In the case of the public sector, this involves behaviour on the part of officials, whether politicians or civil servants, in which they improperly and unlawfully enrich themselves or those close to them.¹⁶

In the area of labour, corruption is one of the major causes of the neglect of labour principles. Studies in export-processing zones have shown that bribery of public officials covered broken labour standards. In many countries, access to basic human rights such as education, food or transportation depends on corruption. The Organisation for Economic Cooperation and Development (OECD) has estimated that annual corruption payments amount to US\$80 billion.¹⁷ Examples from Russia, the Philippines and other countries show that many violations of human rights are committed to protect

¹⁶ This definition taken from the Transparency International *Sourcebook on Corruption* (www.transparency.org).

¹⁷ See www.oecd.org.

corrupt public officials.¹⁸ Networks of corruption between authoritarian regimes and business elites lead government officials 'to turn a blind eye' not only to labour rights abuse but also to environmental non-compliance.

It has therefore been argued that the nine principles need to be strengthened by a strong stance against corruption, preferably in the form of a tenth principle. The signature in December 2003 of a UN Convention Against Corruption and the ensuing ratification process will provide the universal legitimacy that underpin the other principles.¹⁹ The Global Compact is a formal commitment between a CEO representing the company and the UN represented by its Secretary-General. When it needs adaptation the process must be deliberate and transparent with advance notice and dialogue. Such a process began in the latter part of 2003 and was concluded recently. A tenth principle on corruption is expected to be introduced in the course of the second half of 2004. Put simply:

Businesses should work against corruption in all its forms, including extortion and bribery.

The fight against corruption has preoccupied business for decades now. Extortion of bribes

increases business transaction costs and distorts competition and market efficiency. Corruption therefore weakens economic growth and social development, the consolidation of democracy and people's morality. Corruption is one of the main reasons for continuous poverty. Long-term economic, political and social development can be achieved only by good governance and by fighting corruption.

Corruption is not just a local or a national problem but also, to a large extent, a regional and global problem. Although almost all countries have criminalised domestic bribery, enforcement is patchy in many parts of the world. Therefore there is an increased interest in combating bribery and corruption from an international perspective.

The US Foreign Corrupt Practices Act of 1977²⁰ targets US companies involved in corruption abroad. It was the first piece of legislation that had an impact on international business. As a result, companies developed programmes to ensure that they could comply with its terms. However, the Act is powerless against companies that compete with US business on the basis of kickbacks and other facilitating payments. Also, in 1977, the International Chamber of Commerce (ICC) drafted the Rules of Conduct to Combat Extortion and Bribery²¹ as a basis for corporate action, and a first attempt was made to negotiate a global framework of anti-corruption measures. This attempt failed, as developing and

developed countries could not agree on the roots of corruption, and developing countries rejected being held solely responsible for this issue. The ICC, however, continued to encourage business initiatives. In its recent *Corporate Practices Manual: Fighting Corruption*²² it recommends that companies should:

- Develop a clearly expressed manual or code of good corporate practice, with input from a range of company sources
- Give top management and the company's governing body responsibility for devising systems for implementing the manual or code
- Put into place an effective compliance programme containing measures aimed at education, training and appropriate disciplinary measures if the manual or code is violated
- Modify the manual or code if practices change or the original document proves to be inadequate
- Apply sanctions against code violators fairly, consistently and without bias

The ICC rules make it clear that, although governments have 'major responsibility' in controlling extortion and bribery, 'the international business community has the corresponding responsibility to strengthen its own efforts to combat extortion and bribery'.

18 E.P. Mendes, 'Corruption: The Cancer of the International Bill of Rights. Democracy and Freedom of Expression, The Main Treatments?', in E.P. Mendes and A. Lalonde-Roussy (eds.), *Bridging the Global Divide on Human Rights: A China-Canada Dialogue* (Aldershot, UK: Ashgate, 2003): 283-98.

19 On the UN Convention Against Corruption, see page 42.

20 Foreign Corrupt Practices Act (1977) 91 Stat. 1494, Dec 19, 1977 (Washington, DC: US Government Printing Office).

21 See www.iccwbo.org.

22 F. Vincke and F. Heimann (eds.), *Fighting Corruption: A Corporate Practices Manual* (Paris: International Chamber of Commerce, 2003).

It was not until November 1997 that international efforts succeeded with the adoption of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.²³ Since it came into force, the 35 signatory countries have enacted legislation. The Convention levels the playing field for companies situated in the signatory countries. This momentum grew with the development of further legal regimes by the Council of Europe (the Criminal Law Convention and the Civil Law Convention on Corruption),²⁴ and the UN Convention Against Corruption that will be open for signature by member states in December 2003.

Today, with the adoption of the UN Convention Against Corruption,²⁵ an ambitious global framework covering a wide range of actions on the demand and the supply sides of corruption has finally been introduced. The main areas covered by the Convention are embezzlement, misappropriation of influence, abuse of function, illicit enrichment and concealment. For the first time, confiscation and repatriation of illicit assets to the country of origin, as well as private-to-private corruption are covered by a convention. Although far-reaching in scope, the Convention does little for enforcing its provisions. This is left to the discretion of signatory states, which may choose to bring

unresolved disputes before the International Court of Justice. The actual implementation and the public monitoring of the provisions of the Convention will be crucial to provide a level playing field for all actors. However, as the UN Convention is the first truly global initiative it is considered to be a milestone in anti-corruption history.

Another aspect that has prompted companies to deal with anti-corruption measures is the rapid development of rules of corporate governance. These increasingly require companies to protect their reputation and shareholders through internal controls of integrity. An increasing number of ethical investment funds require companies in which they invest to undertake good business practice, including an explicit anti-corruption stance.

There has still been little enforcement of the new anti-corruption laws by national governments, other than by the USA. OECD monitoring of enforcement started more slowly than planned and, because of limited awareness in the business community, the adoption of corporate anti-bribery compliance programmes has also been limited. An OECD publication, *Business Approaches to Combating Corrupt Practices*²⁶ revealed that only 43 of the top 100 non-financial multinational enterprises include anti-corruption programmes on their websites. It was concluded that this low proportion might

reflect a lack of awareness of the issue, an unwillingness to discuss it publicly or the perception that corruption is not a major concern for companies. Transparency International's Bribe Payers Index,²⁷ published in October 2002, indicated that bribery by companies from 20 leading exporting states had not declined in the three years since the previous Bribe Payers Index was published.

Laws are stepping stones in the process of eliminating corruption; however, legal texts alone will not suffice, and the practical day-to-day work of fighting corruption must be done by enterprises before they become subject to sanctions imposed by the state. Voluntary initiatives and compliance by a large majority of companies is needed to establish the moral framework that makes law enforcement effective.

²³ See www.oecd.org.

²⁴ On the Criminal Law Convention and the Civil Law Convention on Corruption, see <http://conventions.coe.int>.

²⁵ See www.odccp.org; see also page 42.

²⁶ OECD (Organisation for Economic Cooperation and Development), *Business Approaches to Combating Corrupt Practices* (Paris: OECD, September 2003).

²⁷ See www.transparency.org/surveys/index.html#bpi.

Global Compact Primer

Type of resource: resource package, available as CD-ROM or ring-bound

Author organisation: United Nations, interagency

Year of publication: 2003

The objective of this resource package is to serve as an introduction and awareness-raising tool for the Global Compact and its underlying principles. It can be used by anyone who seeks guidance on the background to and integration of the principles in their daily operations. It is available as a CD-ROM or as printed version in a ring-binder.

It comprises an introduction and comprehensive background to the Global Compact, separate presentations and subsequent case studies for each of the three main areas of the compact – human rights, labour and the environment – and a separate resource directory. The aim of the directory is to facilitate access to additional information on the Global Compact and the subject of corporate social responsibility. The resource directory is organised into three separate categories:

- Resources for companies
- Resources for training and management schools
- Resources for local networks

Introducing the Compact's principles in a systematic and simple manner, the presentations include explanations of where the principles came from, what they mean and how they can be implemented.

FURTHER INFORMATION

Website: www.unglobalcompact.org

Universal Declaration of Human Rights

Type of resource: declaration

Author organisation: United Nations

Year of publication: 1948

The Universal Declaration was adopted and proclaimed by UN General Assembly Resolution 217A(III) of 10 December 1948. The rights cover three areas:

- Life and security
- Economic, social and cultural rights
- Personal rights and freedoms

Everyone is entitled to all the rights and freedoms set forth in the Declaration, without distinction or discrimination of any kind. The Universal Declaration makes 'every individual and every organ of society' responsible for promoting and respecting the Declaration's rights and freedoms.

FURTHER INFORMATION

Website: www.unhchr.ch

Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights

Type of resource: norms

Author organisation: UN Sub-Commission on the Promotion and Protection of Human Rights

Year of publication: 2003

In August 2003, the UN Sub-Commission on the Promotion and Protection of Human Rights, a body composed of 26 human rights experts, adopted the Norms and recommended that the UN Commission on Human Rights, which comprises 53 representatives of UN member states, review the document with a view to its formal adoption.

The document, which currently does not have any formal legal status, sets out the standards of international human rights law that transnational corporations and other business enterprises should respect, protect and fulfil within their sphere of influence. It covers:

- The right to equal opportunity and non-discriminatory treatment
- The right to security of persons
- The rights of workers
- Respect for national sovereignty
- Consumer and environmental protection

The Norms also set out general provisions for implementation, including periodic monitoring and adequate remedies for failure to comply.

FURTHER INFORMATION

Website: www.unhchr.ch

Document: www.unhchr.ch/pdf/55sub/38rev2_AV.pdf



ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy

Type of resource: declaration

Author organisation: International Labour Organisation

Year of publication: 2000

Adopted in 1977 by the ILO governing body and last revised in 2000 the principles laid down in this universal instrument offer guidelines to multinational enterprises, governments, employers' and workers' organisations in such areas as employment, training, conditions of work and life, and industrial relations. It constitutes the only corporate social responsibility instrument based on universal principles and agreed on a tripartite basis.

FURTHER INFORMATION
Website: www.ilo.org/multi



ILO Declaration of Fundamental Principles and Rights at Work

Type of resource: declaration/yearly report

Author organisation: International Labour Organisation

Year of first publication: 1998

Each year, the ILO publishes a report providing a 'global, dynamic picture' on one of the four categories of the ILO Fundamental Principles and Rights at Work. Discussion of the global report at the International Labour Conference sets the stage for the ILO governing body to draw conclusions about priorities for technical cooperation during the subsequent four-year period.

FURTHER INFORMATION

Website: www.ilo.org

Document: www.ilo.org/public/english/standards/decl/publ/reports/index.htm



ILO International Labour Standards

Type of resource: website

Author organisation: International Labour Organisation

The international labour standards website provides answers to basic questions about international labour standards — what they are, where they come from, how they are enforced and so on. In addition, the site has links to various ILO databases, such as ILOLEX, which covers international labour standards, and NATLEX, a database of national laws on labour, social security and related human rights.

FURTHER INFORMATION

Website:

www.ilo.org/public/english/standards/norm/index.htm

ILOLEX website: www.ilo.org/ilolex/english

NATLEX website: www.ilo.org/dyn/natlex/natlex_browse.home

ILO Codes of Practice in Safety and Health

Type of resource: codes of practice

Author organisation: International Labour Organisation

Year of publication: various

The ILO has developed a number of codes of practice, available from its website, that contain practical recommendations intended for all those with a responsibility for occupational safety and health both in the public sector and in the private sector. The most comprehensive is *Guidelines on Occupational Safety and Health Management Systems* (2001). Others concern ambient factors in the workplace, safety and health in forestry work, and technical and ethical guidelines for workers' health surveillance.

FURTHER INFORMATION

International Labour Organisation (ILO) website: www.ilo.org

Codes: www.ilo.org/public/english/protection/safework/cops/english/index.htm

ILO Code of Practice on HIV/AIDS

Type of resource: code of practice

Author organisation: International Labour Organisation

Year of publication: 2001

This code of practice was developed through a widespread process of consultation with governments and employer and worker constituents in all regions of the world. The code contains fundamental principles for policy development and practical guidelines from which concrete responses can be developed at enterprise, community and national levels in the following key areas:

- Prevention of HIV/AIDS
- Management and mitigation of the impact of HIV/AIDS on the world of work
- Care and support of workers infected and affected by HIV/AIDS
- Elimination of stigma and discrimination on the basis of real or perceived HIV status

The code is currently available in 17 different languages. Also available online is a comprehensive, modular training guide (in English only) to assist in the implementation of the code.

FURTHER INFORMATION

Website: www.ilo.org/public/english/protection/trav/aids/code/codemain.htm

The Stockholm, Rio and Johannesburg Declarations, Agenda 21 and the Johannesburg Plan of Implementation

Type of resource: publications

Author organisation: United Nations

Year of publication: various

The Rio Declaration and Johannesburg Declaration follow on from the Stockholm Declaration of 1972, when the first world environment conference was held under the auspices of the UN. Milestone conferences building on the Stockholm legacy were the UN Conference on Environment and Development of 1992 in Rio de Janeiro, and the 2002 World Summit on Sustainable Development in Johannesburg.

Along with agreements such as those concerning climate change and biodiversity, the 1992 Rio Summit produced Agenda 21, and the Rio Declaration, with its 27 principles. The 40 chapters in Agenda 21 include Chapter 30 on 'Strengthening the Role of Business and Industry'.

The two key documents from the 2002 Summit are the Johannesburg Plan of Implementation and the Johannesburg Declaration, with its 37 paragraphs. The Johannesburg Declaration recognises the 'need for private sector corporations to enforce corporate accountability, which should take place within a transparent and stable regulatory environment'.

FURTHER INFORMATION

United Nations, *Stockholm Declaration* (New York: UN, 1972)

United Nations, *Agenda 21* (New York: UN, 1992)

United Nations, *Rio Declaration* (New York: UN, 1992)

United Nations, *Johannesburg Declaration* (New York: UN, 2002)

United Nations, *Johannesburg Plan of Implementation* (New York: UN, 2003)

Website: www.un.org/esa/sustdev



ISO 14000 Series

Type of resource: standards

Author organisation: International Organisation for Standardisation

Year of publication: various

The ISO 14000 series was developed by the ISO environmental management committee, which was set up in 1993 following preparatory consultations held under the umbrella of the Strategic Advisory Group on Environment (SAGE). Today the ISO 14000 series consists of a set of standards that help companies to establish and maintain a structured and systemic effort to continually improve their environmental performance. ISO's technical committee works closely with the committee responsible for quality management and assurance to ensure compatibility between the ISO 14000 series and the ISO 9000 family of quality management standards.

The series is both organisation-oriented and product-oriented and includes the following:

- Environmental management systems and communication: ISO 14001, ISO 14004 and ISO 14063
- Environmental auditing: ISO 14010 series and ISO 19011
- Environmental performance: ISO 14030 series
- Environmental labels and environmental declarations: ISO 14020 series
- Life cycle assessment: ISO 14040 series
- Environmental aspects: ISO Guide 64 and ISO/TR 14062

These standards can be used both independently or in combination with one another.

FURTHER INFORMATION

Website: www.iso.org



OECD Guidelines for Multinational Enterprises

Type of resource: guidelines

Author organisation: Organisation for Economic Cooperation and Development

Year of publication: 2000

The OECD Guidelines for Multinational Enterprises contain voluntary principles and standards for responsible business conduct in such areas as human rights, disclosure of information, anti-corruption, taxation, labour relations, environment and consumer protection. They aim to promote the positive contributions multinational enterprises can make to economic, environmental and social progress.

Although observance of the guidelines is voluntary for companies, adhering governments formally commit to promoting them among multinational enterprises operating in or from their territories. The national contact point (NCP) — often a government office — is responsible for encouraging observance of the guidelines in its national context and for ensuring that the guidelines are well known and understood by the national business community and by other interested parties. The NCP promotes the guidelines, handles enquiries, assists in solving problems that may arise, gathers information on national experiences with the guidelines and reports annually to the OECD Committee on International Investment and Multinational Enterprises.

The Guideline procedures provide for something called 'specific instances', a facility that allows interested parties to call a company's alleged non-observance of the Guideline recommendations to the attention of an NCP. Over 60 such instances have been brought to the attention of NCPs since the revision of the guidelines in June 2000.

FURTHER INFORMATION

Website: www.oecd.org

OECD Principles of Corporate Governance

Type of resource: principles

Author organisation: Organisation for Economic Cooperation and Development

Year of publication: 1999

The OECD Principles of Corporate Governance, adopted in 1999, outline the core elements of good corporate governance and, in that sense, are useful to companies as well as governments, private associations, investors and other parties committed to improving corporate governance practices. Acknowledging that no one model of corporate governance can work for all countries and companies, the principles identify standards that can apply across a broad range of legal, political and economic environments. The principles have been endorsed by a number of organisations and have influenced corporate governance policy and practice at the regional, national and company level around the world. They are also designated as one of 12 key standards for international financial stability by the Financial Stability Forum, and the principles form the basis for the World Bank's Review of Standards and Codes (ROSC).

FURTHER INFORMATION

Website: www.oecd.org

United Nations Convention Against Corruption

Type of resource: convention

Author organisation: United Nations

Year of publication: 2003

The UN Convention Against Corruption was adopted on 31 October 2003 at the 58th session of the General Assembly of the United Nations and will be open for signature by member states from the end of 2003. The Convention includes prohibitions on transnational bribery and the tax-deductibility of bribes, as well as mandatory provisions on transparency in government procurement. It addresses mutual legal assistance, money laundering and asset recovery, where worldwide cooperation is essential. It is the first time that provisions are included that commit signatories to returning assets stolen and lodged overseas to their country of origin. Rules on the funding of political parties and on private-sector corruption are also included but are only optional.

The UN Convention proposes the implementation of effective anti-corruption policies and bodies. In the public sector, it envisages the elimination of vulnerability and opportunity for corruption, increased accountability and transparency and increased integrity in the judiciary. In the private sector, the UN Convention seeks increased cooperation between law enforcement agencies and private entities, appropriate internal accounting controls, the establishment of an adequate supervisory framework for financial institutions, the promotion of transparency among private entities, the prevention of misuse of public procedures regulating private entities and the imposition of restrictions on the professional activities of former public officials.

The UN Convention sets out a wide range of corruption offences. These include bribery of public officials, trading in influence, embezzlement, use of confidential information, the laundering of proceeds of corruption and the bribery of any person within the private sector. It also makes specific provision for money laundering as a corruption-related offence.

FURTHER INFORMATION

Website: www.unodc.org/unodc/en/crime_convention_corruption.html