

GLOBAL COMPACT PRIMER

Putting the Principles Into Practice

As participants in the Global Compact, companies work towards integrating the nine principles – in the areas of human rights, labour and the environment – into their core business operations.

The rationale is that a commitment to corporate citizenship should begin within the organization itself by embedding universal principles and values into the strategic business vision, organizational culture and daily operations. As this is achieved, other initiatives – such as community projects and other “external” actions – become natural extensions of a company’s values-based management approach, rather than *ad hoc* programs that may not reflect a true commitment to corporate citizenship.

How should a company go about “integrating” the principles into its organization?

What follows is an overview of the sorts of actions – organized by category – which companies may wish to consider as they seek to put the principles of the Global Compact into practice. These are offered only to stimulate thinking. Clearly, decisions on what sorts of actions to pursue will depend on such considerations as the type of company, its size, geographic representation, and the relevant issues it faces in the global marketplace.

For more a thorough exploration of the Global Compact’s principles and how companies can implement supporting initiatives, please consult the Global Compact Guide at www.unglobalcompact.org.

The experience of businesses participating in the Global Compact has shown that what is most critical is that a company’s commitment to corporate citizenship has the full support of senior management and, wherever possible, the board of directors. Therefore, the CEO and top leaders of the company have a crucial role to play at all levels in terms of development and implementation.

To ensure operational and reporting efficiencies, some companies are establishing internal management structures designed to integrate the nine principles into the entire company’s organization and culture. Such structures – which sometimes take the form of dedicated corporate responsibility committees or other bodies – typically represent all key areas of the organization, including senior corporate officers, business-line managers and numerous staff functions, including Environment, Health & Safety; finance; legal; government affairs; human resources; public affairs; corporate communications; and marketing.

Companies may also wish to develop general corporate policies related to each of the three broad Global Compact areas – human rights, labour and

environment – that then include specific policies that address principles within each category. These policies should ideally include the following:

- Objectives
- Institutional Roles and Responsibilities
- Implementation Timelines
- Measurement Tools
- Monitoring and Reporting

Companies seeking to maximize the internal adoption, organization and processes related to the Global Compact and its principles should also consult the Global Compact Performance Model.

Finally, transparency plays a critical role. Communications to employees can help raise awareness of a company's commitment and motivate workers by rooting corporate citizenship throughout the organization. External communications and transparency – in the form of "sustainability reports" (through the Global Reporting Initiative, for example) and other public documents including, importantly, annual reports – keep stakeholders informed about a company's vision and commitment, progress and, importantly, areas for improvement through an emphasis on public accountability.

Human Rights – Examples of Actions

Principles #1 and #2 of the Global Compact relate to human rights. They are:

Principle #1: Business are asked to support and respect the protection of international human rights within their sphere of influence; and

Principle #2: make sure their own corporations are not complicit in human rights abuses.

With respect to the principles related to human rights, companies can undertake the following kinds of actions:

- Develop human rights criteria for market entry (and exit) related to specific countries
- Develop explicit policies that protect the human rights of workers in direct employment and throughout the supply chain
- Perform human rights impact assessments of business activities especially where new operations, facilities and investments are planned
- Engage in dialogues with governments, labour, NGOs and others to raise awareness of human rights issues
- Establish programs to promote the general health and welfare of employees – e.g., HIV/AIDS awareness and treatment

- Establish a policy to ensure that security arrangements do not contribute to human rights violations

Labour – Examples of Action

Principles #3, #4 and #5 of the Global Compact relate to labour. They are:

Principle #3: Businesses are asked to 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.

With respect to the principles related to labour, companies can undertake the following kinds of actions:

- Adopt policies that allow workers to freely choose whether or not they wish to set up or join trade unions and bargain collectively.
- Enable worker representatives to carry out their functions by allowing them to meet on company premises; post union notices; etc.
- Conduct an audit to determine if forced labour is used anywhere in the supply chain
- Utilize adequate and verifiable mechanisms for age verification in recruitment
- Work with supply-chain partners to remove any child below the legal working age and provide viable alternatives for both the children and their families
- Develop an understanding of the different types of discrimination and adopt policies to progressively eliminate any form of discrimination in selection, recruitment, contract and wage conditions, training and career development.

Environment – Examples of Action

Principles #7, #8 and #9 of the Global Compact relate to the environment. They are:

Principle #7: Businesses are asked to 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.

With respect to the principles related to the environment, companies can undertake the following kinds of actions:

- Explore the opportunities for more environmentally benign inputs and outputs in product development
- Conduct regular environmental impact assessments with transparency
- Formalise commitment through an environmental management system approach such as ISO 14001
- Refocus research and development towards environmentally sound technologies (ESTs)
- Use life cycle assessment (LCA) in the development of new technologies and products
- Cooperate with industry partners to disseminate “best available technologies” in other countries

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