

A comparison of 4 international guidelines for CSR

OECD Guidelines for Multinational Enterprises

ISO 26000 Guidance on Social Responsibility

UN Global Compact

UN Guiding Principles on Business and Human Rights

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Introduction

This booklet is intended for people who need a brief and practical introduction to key international guidelines on CSR – corporate social responsibility – their interrelation and differences. These guidelines represent expectations of the international society for responsible business conduct. Today's enterprises have suppliers and customers worldwide leading to an increased need for international guidelines. Even small and medium-sized enterprises have suppliers that operate under problematic conditions. Customers also have increased expectations. Accordingly, 7 out of 10 Danish enterprises are met with questions or requirements from customers for their CSR performance.

The basis of this booklet is the following four international guidelines:

- OECD guidelines for Multinational Enterprises
- ISO 26000 Guidance on Social Responsibility
- UN Global Compact (UNGC)
- UN Guiding Principles on Business and Human Rights (UNGPR)

Guidance for the reader and explanation of the individual CSR topics varies between the different guidelines. ISO 26000 provides principles as well as a guide for implementation, whereas the remaining three guidelines refer to separate implementation guides. For reasons of delimitation, those guides have not been included in this booklet.

Introduction to the four guidelines

In general the guidelines are voluntary and can be used as inspiration. Consequently, they are *not* subject to regulatory enforcement. In Denmark and many other countries, several of the issues of the guidelines are subject to legislation. In this context, it is important to be aware that the guidelines cannot replace or override applicable national regulations and laws. The four guidelines share many common factors and are as a result of the cooperation between the organizations built on the same international conventions, declarations and principles. In the following, you will find a short introduction to each of the four international guidelines for CSR.

OECD guidelines for Multinational Enterprises

OECD guidelines for Multinational Enterprises comprise a number of recommendations for responsible business conduct, prepared and adopted by the OECD member countries. The guidelines include principles for responsible business conduct in a global context according to applicable law and internationally acknowledged standards. They address the CSR areas: Disclosure, human rights, employment and industrial relations, environment, combating bribery, bribe solicitation and extortion, consumer interests, science and technology, competition and taxation. Enterprises should carry out due diligence within all CSR areas except within science and technology, competition and taxation. Please note that in Denmark it has been passed as law that all enterprises, organizations and public authorities in Denmark are obligated to follow the guidelines, whether operating globally or not. Denmark has a national contact point called *The Mediation and Complaints-Handling Institution for Responsible Business Conduct*, which facilitates mediation and agreement, when a violation of the guidelines takes place. The OECD guidelines are the only guidelines out of the four, which include clear requirements for the establishment of a concrete complaints handling mechanism.

ISO 26000 Guidance on Social Responsibility

ISO 26000 Guidance on Social Responsibility is an initiative of the International Organization for Standardization (ISO). Among other things, ISO 26000 includes definitions, background, principles and seven core subjects on social responsibility. The seven core subjects are; organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development. The core subjects have 37 related issues. ISO 26000 provides guidance on how a socially responsible enterprise or organization can and should work with implementation, stakeholder involvement, due diligence and communication on its CSR performance. You can use ISO 26000 as inspiration, but if you want to be able to claim your enterprise socially responsible according to the Guidance, actual efforts must be made within all seven core subjects. Certification to ISO 26000 is not possible. If your enterprise or organization wants a CSR certification, a Danish certifiable standard based on ISO 26000 exists, prepared by Danish Standards under the title *DS 49001 Social responsibility management system – Requirements*, having status of a national standard. The requirements and contents of the individual elements of this standard are based on ISO 26000 and adapted to a Danish context. Enterprises that already have one or more management systems (e.g. quality and environmental) can integrate these in a management system according to DS 49001.

UN Global Compact

The UN Global Compact is a global policy initiative for businesses, including ten general principles for corporate work with social responsibility. The principles build on internationally acknowledged conventions within four areas: human rights, labour, the environment and anti-corruption. Your enterprise or organization may use the ten principles as inspiration, and can in addition, choose to join the UN Global Compact formally. Please note, however, that only enterprises with more than ten employees can be formally accepted into the UN Global Compact's database. By joining, your enterprise commits to making the ten principles a part of its business activities and to report annually about the progress to the UN Global Compact.

UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights is the UN's interpretation of how governments and businesses should work with human rights, including rights in relation to labour. The Guiding Principles are applicable to all businesses in all situations. They consist of 31 principles divided into three main areas within the framework 'Protect, Respect and Remedy'; 1) the governments' human rights obligations, 2) the responsibility of business enterprises to respect human rights, and 3) access to remedy – more exactly, what an enterprise must do if it becomes directly or indirectly involved in a situation with adverse human right impacts, where human rights are not respected.

A comparison of the most essential contents

The purpose of the four international guidelines is to establish a common international basis for responsible business conduct. The guidelines are complementary to each other. They include a lot of issues and sub-issues, and the wording and use of particular words and terms varies substantially. If your enterprise wants to apply the guidelines in your work, it is recommendable to examine the exact wording of the relevant paragraphs.

A term appearing in all of the four guidelines is due diligence. Basically it comprises a structured process through which conditions of the enterprise within one or more areas are analyzed to identify risks, costs and benefits. For the purpose of the four international guidelines for CSR, due diligence is a method for the enterprise to address possible CSR challenges. The method includes identification of actual and possible adverse social, environmental and economic impacts, prevention and mitigation of such impacts, how the enterprise enable access to remedy, and finally how the enterprise will communicate about this process.

By comparing the contents of the four guidelines, it can be divided into the following six topics:

- Human rights
- Labour
- Environment
- Economic and business issues
- Consumer issues
- Community development

In the following, each of the six topics will be reviewed with a brief text comparison to begin with. Finally, an overview of the contents of the four guidelines is provided. Where relevant, reference documents are provided under each topic. In this connection, it should be mentioned that all four guidelines refer to:

- The UN Universal Declaration of Human Rights and
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work



Human rights

Within this topic, the four guidelines resemble each other, and are, as mentioned, all based on the UN Declaration of Human Rights, addressing respect for human rights. In this respect, all four guidelines refer to the notion that the management of an enterprise should demonstrate political engagement and commitment, including a policy for human rights and efforts related to this. In addition, the efforts of the enterprise should be based on a due diligence process that includes identification of actual adverse impacts on human rights, prevention, mitigation and accounting of such impacts, how the enterprise enable access to remedy and finally how the enterprise will communicate about this process. Common to the guidelines is also that it

is essential for the enterprise over time to follow up on this process and respond actively, if the enterprise and its activities have any adverse impacts on human rights, including remediation in relevant cases.

ISO 26000 provides examples of how to deal with this topic, including human rights risk situations, resolving grievances, discrimination of vulnerable groups and fundamental rights at work. Furthermore, ISO 26000 provides broad guidance on *how* the enterprise should support and respect internationally declared human rights, and *how* adverse impacts on human rights should be avoided. The UNGP Interpretive Guide also provides thorough guidance on how to address this topic. This Guide is, however, not a part of the comparison of this booklet.



Labour

Common to the OECD, ISO 26000, UNGC and UNGP guidelines is that they are based on the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

This means that they address the issues of employment relationships, workers' rights, including the right to join trade unions and collective bargaining. They also include the issues of elimination of forced or compulsory labour, elimination of child labour and discrimination in relation to employment and occupation.

Accordingly, the OECD and ISO 26000 address the issues of a cap on weekly working hours, health and safety at work, wages, employment of local workforce and offering of education and skills development. The OECD and ISO 26000 both treat the issues of dialogue between employers and worker organizations.

Just like within the topic of human rights, the UNGP provide guidelines for the enterprise to establish a due diligence process within workers' rights, including identification of potential and actual adverse impacts on human rights, prevention and mitigation of such impacts. The process also includes establishment of a procedure for how the enterprise ensures access to remedy (e.g. compensation), and it is expected that the enterprise communicates about these efforts.



The environment

Common to the OECD, ISO 26000 and the UNGC is that they are built on the UN Rio Declaration on Environment and Development. Further, ISO 26000 and the OECD both generally refer to environmental management and the ISO 14000 series (on environmental management and related tools) as an overall framework within which to work with environmental issues in a systematic manner.

Common to the OECD, ISO 26000 and the UNGC is that they refer to a precautionary approach to environmental challenges, and the enterprise should make

initiatives to promote environmentally sound practices and responsibility and spur development and diffusion of environmentally sound technologies. ISO 26000 is more detailed than the UNGC and the OECD about how enterprises can contribute to this, e.g. by actively using a larger part of products from suppliers who apply environmentally sound and sustainable technologies and processes.

The OECD and ISO 26000 both focus on a systematic approach to environmental issues to respect and promote environmental responsibility as well as management of environmental risks. This can be in relation to identifying, measuring, recording, reporting, assessing and handling of environmental issues. Accordingly, an enterprise should work with continuous improvement of its environmental performance and results and, preferably, throughout the entire value chain. Moreover, the OECD and ISO 26000 both deal with education and training of employees in the environmental field as well as maintenance of contingency plans to prevent, mitigate and control severe damage to health and the environment, and to report to competent authorities.

ISO 26000 provides guidance to enterprises on *how* they should work concretely with the prevention of pollution, sustainable resource use, climate change mitigation and adaptation, protection and restoration of the environment.

The UNGP do not address environmental issues, and are consequently not included here.



Economic and business issues

This topic includes a number of different issues within the economic and business areas. Within this topic, the OECD, ISO 26000 and the UNGC all address the issue of anti-corruption, which includes the fight against bribery and extortion. The OECD terms it 'combating bribery, bribe solicitation and extortion', and ISO 26000 terms it anti-corruption under the core subject 'Fair operating practices'. In addition, the three guidelines all refer to the UN Convention against Corruption from 2005 (UNCAC). The OECD and ISO 26000 cover the anti-corruption issue more extensively than the UNGC, and address ethical conduct, risk assessment, compliance with laws and regulations, preventive measures, facilitation payments, training and awareness creation for employees in terms of eliminating bribery, providing control and continuous surveillance of employees and their wages. As to 'facility payments', ISO 26000 and the OECD add that if they are used, it should be registered. Moreover, the OECD and ISO 26000 treat the issue of responsible political involvement. The focus of the OECD is to abstain from improper involvement in (local) political activities, whereas ISO 26000 provides specific guidelines for fair practices for political involvement. The ISO 26000 core subject 'Fair operating practices' deals with external CSR performance. In addition, ISO 26000 provides a particular issue of organizational governance, addressing how the CSR work can be organized and implemented throughout the enterprise.

Another issue within this topic, described through the OECD and ISO 26000, is competition. Whereas the OECD states that enterprises are to carry out their activities in compliance with competition laws and regulations, cooperate with relevant authorities, and promote employee awareness within the area, ISO 26000 states that enterprises ought to do this. Conversely, ISO 26000 adds that the enterprise should establish procedures and other initiatives to prevent participation in or being complicit in anti-

competitive behavior, as well as support initiatives against cartels and dumping. Furthermore, ISO 26000 describes how the enterprise should support public policies which promote competition and take the social context into account, avoiding to benefit from social inequalities, such as poverty, to gain improper competitive advantages.

A third issue being addressed is taxation. The OECD guidelines describe how enterprises must comply with tax laws and legislation and make timely payment of their tax liabilities.

A fourth issue is information disclosure. The OECD includes a paragraph on disclosure of information, and ISO 26000 includes a section on transparency. The UNGC includes a requirement of annual reporting of the CSR performance of the enterprise, which is an indirect way to ensure information disclosure and transparency. The UNGP describe how enterprises must be prepared to communicate about their human rights work.

ISO 26000 specifically addresses a fifth issue on the respect for property rights. It should, however, be mentioned that the respect for property rights is implicit in all four guidelines in accordance with the UN Universal Declaration of Human Rights, which all enterprises are expected to respect.

A last issue included is that enterprises should conduct due diligence throughout the supply chain as well as involvement and commitment of its business partners to socially responsible operating practices. In this connection, ISO 26000 includes a specific issue of the promotion of social responsibility in the value chain.



Consumer issues

The OECD and ISO 26000 both refer to the UN guidelines for Consumer Protection from 1999 as well as the OECD Recommendation on Consumer Dispute Resolution and Redress from 2007. The OECD and ISO 26000 both address responsible marketing, protection of consumer health and safety, securing consumer access to complaint and dispute resolution and consumer data protection and privacy. ISO 26000 is more detailed than the OECD guidelines, and provides guidance for how these areas can be addressed.

The OECD and ISO 26000 focus on enterprises to take vulnerable and disadvantaged consumers into consideration. However, the OECD only takes e-trade consumers into account, whereas ISO 26000 states that enterprises should take vulnerable groups into account, particularly in consideration of the design of products and services providing universal applicability.

Moreover, ISO 26000 covers sustainable consumption, meaning consumption of products and resources at a level, which is in accordance with sustainable development. ISO 26000 also treats access to essential services, covering utility services such as electricity, gas, water, wastewater services, drainage and sewage and telecommunication. Last, but not least, ISO 26000 addresses the issue education and awareness creation, including initiatives for education and information for the consumers providing them with a chance to be well-informed and conscious

of their rights and responsibilities to be able to make knowledgeable decisions. It should be mentioned that in ISO 26000 animal welfare is dealt with under environmental and consumer issues and in DS 49001 the issue is included independently under the core subject the environment.

The UNGP and the UNGC do not directly include consumer issues, and are consequently not included here.



Community development

The OECD and ISO 26000 both address this topic. ISO 26000 has a particular section on the issue of community involvement and development. The issue addresses how enterprises should demonstrate proactive commitment and involvement in the community, and consequently contribute to development. Both guidelines include sub-issues of employment creation and skills development in the community, with ISO 26000 guiding particularly on this.

The OECD incorporates the issue of science and technology, including corporate contribution to the development of innovative capacity in the community within science and technology. ISO 26000 includes a corresponding issue on technology development and access. Moreover, ISO 26000 covers issues such as wealth and income creation, health and investments in the community.

The topic community development is not included in the UNGC and the UNGP.

Overview of the contents of the four guidelines

OECD	ISO 26000	UNGC	UNGP
 Human rights			
<ul style="list-style-type: none"> • Protection and respect • Political involvement • Policy • Due diligence • Remedy 	<ul style="list-style-type: none"> • Protection and respect • Political involvement • Policy • Due diligence • Remedy • Human rights risk situations • Resolving grievances • Discrimination of vulnerable groups • Fundamental rights at work (ISO deals with the issue under human rights in contrast to other guidelines that address the issue under labour practices) 	<ul style="list-style-type: none"> • Protection and respect • Political involvement • Policy • Due diligence • Remedy 	<ul style="list-style-type: none"> • Protection and respect • Political involvement • Due diligence • Remedy

 Labour			
<ul style="list-style-type: none"> • Employment relationships • Workers' rights, including the right to join labour unions and to collective bargaining • Forced labour • Child labour • Equality of treatment/discrimination in employment and occupation • Occupational health and safety • Employing local workers and providing training • Creating employment opportunities and facilitating training opportunities • Promoting consultation and cooperation between employers and workers 	<ul style="list-style-type: none"> • Employment relationships • Workers' rights, including the right to join trade unions and to collective bargaining (also included here as the issue corresponds to the other guidelines) • Working conditions and social protection • Forced labour • Child labour • Discrimination in employment and occupation • Cap on weekly working hours • Health and safety at work • Development opportunities at work • Local job creation and skills development • Social dialogue 	<ul style="list-style-type: none"> • Employment relationships • Workers' rights, including the right to join labour unions and to collective bargaining • Forced labour • Child labour • Discrimination in employment and occupation 	<ul style="list-style-type: none"> • Employment relationships • Workers' rights, including the right to join labour unions and to collective bargaining • Forced labour • Child labour • Discrimination in employment and occupation

OECD	ISO 26000	UNGC	UNGP
 Environment			
<ul style="list-style-type: none"> • Precautionary approach • Environmental behaviour • Environmentally sound technologies • Environmental management system • Education and training of employees • Contingency plans 	<ul style="list-style-type: none"> • Precautionary approach • Environmental behaviour • Environmentally sound technologies • Environmental management system • Education and training of employees • Contingency plans • Prevention of pollution • Sustainable resource use • Climate change mitigation and adaptation • Protection and restoration of natural habitats 	<ul style="list-style-type: none"> • Precautionary approach • Environmental behaviour • Environmentally sound technologies 	Not applicable

 Economic and business issues			
<ul style="list-style-type: none"> • Combating bribery and extortion • Involvement in local political activities • Competition • Taxation • Information disclosure 	<ul style="list-style-type: none"> • Fair operating practices • Anti-corruption • Responsible political involvement • Organisational governance • Fair competition • Transparency • Respect for property rights • Promoting social responsibility in the value chain 	<ul style="list-style-type: none"> • Anti-corruption • Indirect transparency and disclosure of information, as annual reporting to enterprises is required 	<ul style="list-style-type: none"> • Business relations • Communication

 Consumer issues			
<ul style="list-style-type: none"> • Consumer interests • Fair marketing • Consumers' health and safety • Consumers' access to complaint and dispute resolution • Protection of personal data and privacy 	<ul style="list-style-type: none"> • Consumer issues • Fair marketing • Consumers' health and safety • Customer support and complaints and dispute resolution • Consumer data protection and privacy • Access to essential services • Sustainable consumption • Education and awareness 	Not applicable	Not applicable

OECD	ISO 26000	UNGC	UNGP
 Community development			
<ul style="list-style-type: none"> • Local capacity building • Employment opportunities • Training of employees • Employing local workers • Providing education and training • Science and technology 	<ul style="list-style-type: none"> • Community involvement and development • Education and culture • Employment creation and skills development • Technology development and access • Wealth and income creation • Health • Investments in communities 	<p>Not applicable</p>	<p>Not applicable</p>

What are the practical implications of the guidelines for you?

The four guidelines are voluntary, however, they reflect common global expectations for responsible business conduct. They may serve as inspiration and for establishing an overall framework for the work with social responsibility for all types of enterprises, irrespective of industry and geographic location. The table below provides an overview of what the individual guidelines may be used for and by whom.

Guidelines	May be used by
OECD	<p>All enterprises can follow the guidelines, but they are intended for small and large multi-national enterprises that operate in or from OECD countries or in one of the six non-OECD countries adhering voluntarily to the guidelines. A multinational enterprise is an enterprise with activities in more than one country.</p> <p>Denmark has imposed by law that the guidelines shall apply to all types of enterprises, authorities and organizations.</p> <p>In Denmark the national contact point is The Mediation and Complaints-Handling Institution for Responsible Business Conduct, which facilitates mediation and agreement when a breach of the guidelines takes place.</p>
ISO 26000	<p>All enterprises and organizations, irrespective of industry and geographical location.</p> <p>The Guidance is not certifiable, but enterprises can be certified according to the Danish Standard DS 49001, which is developed on the basis of ISO 26000. Enterprises that already have one or more management systems (e.g. quality or environment) can integrate these systems in a management system according to DS 49001.</p>
UNGC	<p>All enterprises, irrespective of industry and geographical location. Enterprises wishing officially to commit to implement the ten principles must have more than ten employees.</p> <p>Commitment to implementation requires the enterprise to incorporate the principles into its business activities and to report annually to FN Global Compact on the progress made.</p>
UNGP	<p>All enterprises, irrespective of industry and geographical location.</p> <p>An enterprise is responsible for respecting human rights, which implies that a due diligence process should be established to avoid adverse human right impacts. In addition, the guidelines (principle 21) require enterprises to account for how they address human rights impacts in practice.</p>

Guidelines	What does it cost?
OECD	<p>The guidelines are available free of charge.</p> <p>An electronic version can be found at the OECD website http://www.oecd.org/daf/inv/mne/48004323.pdf</p>
ISO 26000	<p>The Guidance costs approx. DKK 780.</p> <p>It can be purchased from Danish Standards, which is the national standards body in Denmark. Visit the Danish Standards web shop at http://webshop.ds.dk.</p>
UNGC	<p>The guidelines are available free of charge. They are available at http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html</p> <p>An enterprise subscribing officially to the 10 principles are charged a fixed annual contribution determined on the basis of the annual turnover of the enterprise. The minimum annual contribution amounts to 250 USD. Learn more about the contribution at http://www.unglobalcompact.org/HowToParticipate/Business_Participation/index.html.</p>
UNGP	<p>The guidelines are available free of charge.</p> <p>They are available at http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf</p>

A background document elaborating the booklet can be found at: <http://erhvervsstyrelsen.dk/publikationer/0/6> og <http://samfundsansvar.dk/dokumenter/0/16>.

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