

# Codes of conduct and standards: the pick of the bunch

Posted by [Deborah Leipziger](#) [1] on Feb 21, 2011

Deborah Leipziger has picked her top ten codes and standards. In the first of a two-part report, here she gives her views on five

While there are a wide range of codes and standards in the field of corporate responsibility, here are five of my personal top ten of the most influential initiatives.

- The UN Global Compact
- Global Reporting Initiative
- AA1000 Series
- OECD Guidelines for Multinational Enterprises
- Social Accountability 8000

## The UN Global Compact

**Description:** Launched in 2000, the Compact addresses the environment, human rights, workers' rights and corruption. The Global Compact unites global principles with local networks to create fluid networks. With more than 80 regional and national sub-networks, the UN Global Compact is a global multi-stakeholder, multi-issue network. As a voluntary initiative, the Global Compact convenes all key social actors: companies, labour, civil-society organisations and governments.

**Unique selling points:** With its local networks, the Global Compact operates at many levels: globally, regionally and locally. The UN Global Compact benefits from the engagement of several UN bodies, including the International Labour Organisation (ILO), The UN Development Programme (UNDP), the UN Environment Programme (UNEP), the Office of the High Commissioner for Human Rights and the UN Industrial Development Organisation (UNIDO). The UN Global Compact differs from nearly all other corporate responsibility initiatives in that it seeks to promote development through good corporate citizenship. By focusing on development, the compact provides a new direction for corporate responsibility, giving voice to the poor and tackling such issues as the digital divide and HIV/Aids.

**Strengths and weaknesses:** No other CR initiative has the moral authority and convening power of the UN secretary-general. With these assets, the Global Compact has succeeded in promoting corporate responsibility broadly through networks around the world. The compact has also mobilised an impressive database of corporate activities on corporate responsibility. The Global Compact is a truly global initiative, with significant participation from companies in the south.

If the principles of the Global Compact lack the specificity of SA8000 and other initiatives it is because they were designed to meet the needs of a very global and diverse constituency of governments and businesses. The key difference is that the compact was never intended to supplant any regulatory initiatives. Instead it complements them.

The Global Compact office does not have the mandate or the resources to monitor company activity. The general nature of the principles can be perceived as both a strength and a weakness. It is easier to attract a critical mass of companies with general principles than with highly specialised criteria. Moreover, general principles make it easier for companies to integrate the compact into their own internal codes or policies. By developing a general standard, and by forging alliances with highly specialised initiatives such as GRI and SA8000, the compact is able to build critical mass. The Global Compact has been criticised for lacking an assurance mechanism.

**How it has evolved:** Since its inception, the Global Compact has grown dramatically to include 7,700 corporate participants with networks in 80 countries. In 2008, alone, the Global Compact grew

by 30%.

<http://www.unglobalcompact.org> [2]/

## Global Reporting Initiative

**Description:** The Global Reporting Initiative has pioneered sustainability reporting, providing guidelines that serve as a framework for economic, social and environmental reporting. In 2006, GRI launched the G3 Guidelines. Although the GRI Guidelines are not a code of conduct, a management system or standard, they are extremely useful to companies working on code implementation. The guidelines promote the communication of actions taken to improve economic, environmental and social performance; the outcome of such actions; and future strategies for improvement. The G3 Guidelines are structured in two parts. Part 1 includes principles to define report content: materiality, stakeholder inclusiveness, sustainability context, and completeness and guidance on how to set boundaries for the report. Part 2 includes standard disclosures, strategy and profile, management approach and performance indicators.

**Unique selling point:** The GRI Guidelines are the product of an intensive, multi-stakeholder consultation process, involving thousands of NGOs, companies, business groups, trade unions, and accountancy organisations. GRI has developed sector-specific guidelines for a wide range of sectors, including financial services, electric utilities, mining and metals, food processing and NGOs.

**Strengths and weaknesses:** GRI encourages companies to set targets and then to report on whether or not those targets have been met. If the company has not met its targets, it should give reasons. By encouraging companies to set and report on targets, stakeholders have “standards” to which they can hold the company accountable.

Many companies find the large number of indicators within the GRI framework daunting. Reporting can also be expensive, especially for large organisations.

**Progress to date:** Thousands of companies in over 60 countries issue reports which follow the GRI Guidelines. GRI is to be commended for its cooperative work with a wide range of organisations, including the Carbon Disclosure Project and others.

<http://www.globalreporting.org> [3]/

## AA1000 series

**Description:** Launched in 1999 by AccountAbility, the AA1000 Series is designed to assist companies, stakeholders, auditors, consultants and standard-setting bodies. AA1000 can be used in two ways: on its own or in conjunction with other corporate responsibility standards. It provides a road map for companies on key CR issues, explaining points of divergence and convergence with other major standards.

Founded in 1995, AccountAbility is a global, organisation set up to promote accountability innovation for sustainable development (though it is in the midst of a controversial re-structuring). The AA1000 Series has as its premise three principles: inclusivity, materiality and responsiveness.

The AA1000 Series includes three standards:

AA1000APS Accountability Principles

AA1000AS Assurance Standard

AA1000SES Stakeholder Engagement Standard

**Unique selling point:** The AA1000 Principles are compatible with the UN Global Compact, the GRI and ISO 26000. The AA1000 Assurance Standard can be used with audits of factory compliance with labour standards and carbon emissions.

**Strengths and weaknesses:** The AA1000 Series provides an overarching framework for corporate responsibility. The AA1000 Assurance Standard (a part of the series) is designed to cover assurance processes across the spectrum of sustainability issues. It is accessible on-line at no cost. The accessibility of the standard is important, as it facilitates consultation with stakeholders. The consultation process for the AA1000 Assurance Standard has been thorough, benefiting from input into a wide range of organisations. A major challenge facing the field of assurance will be to build capacity among assurance providers.

**Progress to date:** The AA1000 series is used by a wide range of organisations, including multinational companies, small and medium sized enterprises, governments and civil society. <http://www.accountability.org> [4]

### **OECD Guidelines for Multinational Enterprises**

**Description:** The OECD Guidelines for Multinational Enterprises feature recommendations from governments to companies. Unique among corporate responsibility tools in its comprehensive nature, the OECD guidelines address all aspects of corporate behaviour, from taxation and competition to consumer interests and science and technology. The guidelines are voluntary and non-binding.

To fully understand the objectives of the guidelines, it is necessary to review the role of OECD. The Organisation for Economic Co-operation and Development promotes policies that contribute to economic growth and development. Founded in 1961, OECD has made a significant contribution to corporate social responsibility by developing CR-related principles, including the OECD Principles of Corporate Governance and the OECD Convention on Combating Bribery.

**Unique selling points:** The OECD guidelines are among the most comprehensive of CR tools, addressing a range of issues unparalleled in any single CR instrument. The guidelines are a map for companies of the type of CR issues they may encounter. OECD requires each member state to appoint a National Contact Point (NCP) to promote the guidelines. The NCPs provide local infrastructure for the guidelines.

**Strengths and weaknesses:** The guidelines encourage companies to “observe standards of employment and industrial relations not less favourable than those observed by comparable employers in the host country”. In many regions, observance of local norms would be insufficient to meet basic standards set by the International Labour Organisation. The ILO participated in the negotiations and views the Guidelines as being compatible with its own conventions and declarations. The words “not less favourable than” mean that companies are asked to observe the other recommendations on human rights, core labour standards, and supply chain codes.

**Progress to date:** The 42 governments that adhere to the guidelines have begun work to update the guidelines. The last revision occurred in 2000. <http://www.oecd.org> [5]

### **Social Accountability 8000**

**Description:** Social Accountability 8000 is a global and verifiable standard designed to make workplaces more humane. The standard combines key elements of the ILO conventions with the management systems of the International Organisation for Standardisation (ISO). SA8000 is a certification standard developed, overseen and updated through multi-stakeholder dialogue with trade unions, companies, NGOs and academics.

**Unique selling point:** SA8000's management systems differentiate the standard from most codes of conduct and statements of intent. Its requirement of the creation of management systems ensures that social issues are integrated into all aspects of company policy and day-to-day operations. Management systems include the need for training programmes, communications, elected representatives, management reviews, control of suppliers, and planning and policies, among others.

**Strengths and weaknesses:** SA8000 applies to companies around the world and across industries, serving as a common benchmark that ensures basic rights are respected within the supply chain of companies and industries. Social Accountability International, which developed SA8000, has implemented extensive training programmes and capacity building efforts around the world. SA8000 has been criticised for being too rigorous and by others for being too weak. Like other standards that include management systems, SA8000 is biased towards companies that have already established management systems. As such, it may be easier for large companies to implement SA8000 than for smaller companies.

**Progress to date:** As of June 2010, there are 2,258 workplaces certified to SA8000 in 60 countries and 66 industries. Over 1.3 million workers are employed in facilities which have received SA8000 certification.

<http://www.sa-intl.org> [6]/

In part two, I will examine the following.

- Universal Declaration of Human Rights
- ILO Tripartite Declaration
- OECD Convention for Combating Bribery
- The Ethical Trading Initiative Base Code, and the
- Ceres Principles

Deborah Leipziger is the author of The Corporate Responsibility Code Book.

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**Links:**

[1] <http://www.ethicalcorp.com/users/deborah-leipziger>

[2] <http://www.unglobalcompact.org>

[3] <http://www.globalreporting.org>

[4] <http://www.accountability.org>

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