PEOPLE’S SUSTAINABILITY TREATY ON CORPORATE SOCIAL RESPONSIBILITY AND ACCOUNTABILITY

1. PREAMBLE

Recognising the role of the business and industry sector in sustainable development, and the significant impacts their activities can carry in the environment and society, global civil society stresses that the time has come to move past voluntary initiatives; and therefore we call for a Corporate Social Responsibility and Accountability Convention.

As far back as 1972, the Declaration document of the UN Conference on Human Development recognized the role of business in sustainable development. The 1987 Brundtland Commission Report explicitly recognized the impact of international trade on the environment. In 1992 at the UN Conference on the Environment and Development, The UN Centre on Transnational Corporations again pushed for the responsibilities of transnational corporations to be supportive of sustainable development.

The first instance of corporate responsibility being directly tackled in this dialogue was in Principle 16 of the 1992 Rio Declaration, through the “polluter pays principle.” Agenda 21 provided a framework for corporate social responsibility, acknowledging the importance for governments to encourage improved corporate environmental management. Despite these endeavours, however, businesses by and large continued to externalise environmental and social costs. So at the 2002 World Summit on Sustainable Development and in the subsequent Johannesburg Plan of Implementation an agreement determined that the international community should “promote corporate responsibility and accountability and the exchange of best practices in the context of sustainable development.”

Despite the fact that every multilaterally agreed document on environment and development produced in the last 20 years directly acknowledges the importance of the private sector, and that the number of corporate social responsibility initiatives has grown rapidly, the current voluntary systems have an evidently limited scope. Most large companies do not apply these standards and we see time and again the negative impacts of bad corporate practices on the environment, the economy and society.

While companies recognizing their own interests within the framework of sustainable development have adopted the concept of corporate social responsibility (CSR), the lack of corporate accountability remains a critical issue to be addressed. While Corporate Social Responsibility is a voluntary commitment, the aim of corporate accountability is to ensure activities and behaviour of business is in the interests of society and is not harmful to the environment. The concept behind corporate accountability refers to the legal obligation of a company to do the right thing.

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1 For example, in February 2012, the UN Global Compact announced it expelled a total of 3,123 companies since 2005 (out of 7,000 participant businesses) for failure to communicate progress on their efforts to implement the ten sustainability principles.
The Zero Draft of the Rio+20 Outcome Document places a strong emphasis on the role of business, and calls for a “Global Policy framework requiring all listed and large companies to consider sustainability issues and to integrate sustainability information within the reporting cycle.” A requirement for corporations to measure their impacts and publish their sustainability reports is a first step towards more accountability but it is not enough.

It is time now for governments to take action and regulate the sector through a Convention On Corporate Social Responsibility and Accountability. This convention will ensure that corporate activities (especially by large corporations) are aligned with the UN’s Business and Human Rights Framework, and align the different frameworks for corporate social responsibility and accountability currently in use. This will scale up the practice of corporate social responsibility and will level the playing field for companies’ operations, in the sense that bad practices would not be used as a competitive advantage by irresponsible businesses.

2. PRINCIPLES

These principles synthesize the different initiatives launched at the international level in different fora around the accountability of businesses. This includes the Guiding Principles for Business and Human Rights prepared by the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises in 2011, the UN Global Compact principles and the ISO 26000 guidance on social responsibility. We consider these principles as the fundamental premises underpinning the development of a binding Convention on Corporate Social Responsibility and Accountability.

**Principle #1.** Human rights: Businesses should respect and protect internationally recognized human rights. They have to conduct due diligence to ensure that their actions or omissions, and the actions or omissions of those linked to their operations, products or services (supply chain), do not violate these rights.

**Principle #2. Transparency and disclosure:** Businesses should provide timely and accurate disclosure of their social, economic and environmental impacts following the principle of materiality. This information has to be measured, verified, and then made public and easily accessible by all stakeholders.

**Principle #3. Environmental performance:** Businesses have to play an active role in environmental protection and in the sustainable use of natural resources. Their policies and practices have to aim at preventing pollution, implementing climate change mitigation and adaption, using resources sustainably and investing in environmentally friendly technology. The precautionary-polluter-pays principle needs to underpin decisions made in this regard.

**Principle #4. Business ethics:** Businesses must conduct their activities in a way that is fair and ethical: taking action towards sustainable development efforts, benefiting society and the common good, competing fairly with other businesses and building good relationships with communities and other stakeholders through dialogue and effective social investments and technology transfer.

**Principle #5. Labour practices:** Businesses have to comply with internationally agreed labour practices guaranteeing freedom of association and collective bargaining. This includes the elimination of compulsory labour, the abolition of child labour, the elimination of discrimination with
regards to employment and occupation, the implementation of health and safety measures and social protection.

**Principle #6. Anti-corruption:** Businesses have to implement policies and practices to fight against corruption in all its forms, including extortion and bribery.

**Principle #7. Access to remedy and redress:** States have to provide citizens and communities that are negatively affected by corporate practices the possibility to seek remedy and redress. They need to implement effective judicial and/or non-judicial mechanisms. Large companies should put in place effective grievance mechanisms where communities can legitimately place their concerns around their business practices in an accessible and transparent way.

**Principle #8. Responsiveness to Consumers:** Businesses’ relations to consumers have to be based on fair marketing, the protection of consumer health and safety, the protection of their personal data and privacy and developing clear communication channels.

**Principle #9. Worker Participation and Shared Ownership:** Businesses should move toward a participatory model of management, giving workers more say and control in how the business is operated.

### 3. COMMITMENTS

We, the Civil Societies of the World:

- propose that Rio+20 Delegates agree upon a mandate for the UN General Assembly to establish an intergovernmental process to harmonize policies and policy tools that require large companies to publish their sustainability reports. This will be a first step towards more accountability of the sector.

- call on governments to launch a process to agree on a Convention for Corporate Social Responsibility and Accountability. This Convention will require all large companies to conduct their activities according to internationally agreed corporate social responsibility guidelines and human rights legislation. The drafters of this Convention should consider a UN function that:
  
  - is given investigative and monitoring power, analyse cases, undertake its own investigations, to make country visits and to monitor performance of States and companies.
  - can receive complaints both against States and individual companies from victims of human rights abuses and to propose remedies. This grievance mechanism should be able to investigate complaints and allow victims and/or their representatives to sue for remedies. The mechanism should have the power to decide on remedies and to monitor whether the remedies have been implemented.
  - is provided with the power to make recommendations to States and companies, to review the fulfillment of these recommendations and to regularly report to the UN General Assembly.

- call on business and industry to embed the principles stated in this document into their systems, policies and practices; and commit to work with governments and civil society to strengthen their contribution to sustainable development in an accountable and transparent way.
4 SIGNATORIES

We, civil society organizations, pledge to honour the agreed principles, commitments and action plans:

• Name, Country, Organization, Address, website, Email,

5. ANNEXURES

1. Action Plan

A Convention on Corporate Social Responsibility and Accountability would have to be a UN led process with participation of governments, companies and civil society and should build on existing corporate social responsibility frameworks, initiatives and policies developed at national and international level:

Short Term (2012)

• Work towards the launch of a multi-stakeholder process led by the UN general assembly to require large corporations to publish their sustainability reports.
• Establish multi-stakeholder dialogues to feed into the process

Medium Term (2013-2016)

• Work towards the launch of a UN intergovernmental negotiating committee to set up a process to develop a Convention on Corporate Social Responsibility and Accountability.
• Establish multi-stakeholder dialogues to feed into the process

Long Term (Post 2016)

• National ratification process (parliament led)
• Governmental Implementation at National Level