



The Earth Charter: Adding Value with Global Values

The Earth Charter's role and relationships with GRI and the UN Global Compact

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Introduction

It will be 20 years next year -- a generation -- since the UN World Commission on Environment and Development first put the concept of 'sustainable development' on the international agenda. Since that time, there has been an extraordinary flourishing of activity around the subject, ranging from inter-governmental summit meetings to the creation of local-level groups.

Against this backdrop, the GRI Amsterdam Conference on Sustainability and Reporting provides a timely opportunity to review progress towards sustainable development and related 'public goods' such as peace and social justice, and to identify ways of sharing and building on best practices.

This paper describes three of the leading independent initiatives that have emerged over the last decade in these fields – the Earth Charter, the Global Compact and the Global Reporting Initiative (GRI) – and offers some suggestions on how they might be powerful and complementary partners in the future.

A Shared History ...

During the early phase of the sustainability debate, discussions among representatives of the government, business and civil society sectors revealed a number of 'gaps'. These included:

- an 'issue gap', i.e. the need for all organizations to address challenges such as sustainable development as a priority
- an 'information gap', i.e. how to define sustainable development at the organization level and provide readily-accessible data on organizational performance
- a 'credibility gap', i.e. how to ensure progress towards sustainable development and other 'public goods' can be reliably and transparently monitored; and
- an 'instrument gap', i.e. how to inspire, encourage and enable organizations of all kinds to achieve the above.

As understanding of the complexity of the issues deepened, three realities were also recognized.

The first was that while governments played an essential role in defining global norms, and in identifying threats and policy responses, there were limits to how far regulations – by themselves – could achieve the breadth and depth of change required. For example, legislation worked better some countries and cultures than others.

The second was that the business and civil society (including organized labour, NGOs, academic and faith-based institutions) had a crucial role to play. By themselves, governments cannot achieve sustainable development. The third was that while various historic, regional, cultural and other differences meant that virtually everyone was approaching sustainable development from a different stand-point, a certain degree of

consistency and comparability would be important, especially in an increasingly globalized world.

... and Shared Objectives

The Earth Charter, the Global Compact and the GRI share common roots in this policy landscape. They all stemmed in large part from the recognition -- first registered by the 1987 Brundtland Commission report, and built on by the 1992 United Nations Conference on Environment and Development -- that human consumption and production practices were becoming increasingly unsustainable. Moreover, they all acknowledged that sustainability cannot be achieved without a partnership-based approach, and unless the development needs and potential of the developing world are also addressed.

These were among the factors that led to the creation of a number of complementary sustainability initiatives that would have five distinctive core characteristics. These included that they were:

- ***Sustainability-oriented***: they sought to give guidance on and to balance economic, social, environmental considerations;
- ***Derived from international norms and principles***, developed and agreed by governments (e.g. the Universal Declaration of Human Rights);
- ***Globally relevant***: they could be used by all organisations, in both developed and developing countries, whether large or small;
- ***Partnership-based***, involving the business and civil society sectors, and sometimes public agencies as well, from all corners of the globe; and
- ***Voluntary***: to enable greatest flexibility of use and experimentation, the instruments they developed were for voluntary use.

The Earth Charter, the GRI and the Global Compact all emerged in this context and share these broad characteristics.

Earth Charter

The Earth Charter was first conceived in 1994. An initiative initiated by Maurice Strong, the Secretary-General of the 1992 Earth Summit, and Mikhail Gorbachev, president of Green Cross International, the Earth Charter was formulated as declaration of the fundamental principles for building a just, sustainable and peaceful global society in the 21st century. The Charter was launched in 2000 at a special ceremony at the Peace Palace, The Hague.

Key elements include:

- A clear and inspiring statement of shared challenges, values and principles;
- developed through an open global process engaging thousands of stakeholders;
- governed by a distinguished and balanced group of civil society leaders; and
- recognised by UNESCO and IUCN, and endorsed by a global network of users.

While not seeking to replace the many international conventions and declarations on human rights, the environment and peace issues, the Earth Charter responds to a need for a more accessible summary of the underlying issues, principles and values. Importantly, it also stands as a kind of ‘people’s treaty’, enabling citizens from around the globe to work together on a shared action agenda.

The text of the Charter, and related information can be found at:
<http://www.earthcharter.org/>

The Global Reporting Initiative (GRI)

The GRI arose out of a joint initiative in 1997 by the Coalition for Environmentally-Responsible Economies (CERES) and the United Nations Environment Programme (UNEP). The GRI’s mission is to make reporting on economic, social and environmental aspects of performance as normal as financial reporting. The GRI was officially launched in 2002 at a ceremony at the UN Headquarters in New York.

Key elements include:

- A set of agreed principles and sustainability indicators;
- Developed through a global and balanced multi-stakeholder process;
- Governed by a distinguished group of business and civil society leaders; and
- Recognised by the 2002 WSSD and used by over 800 organisations worldwide.

The GRI helps respond to questions such as ‘what does sustainable development mean for my organisation?’ and ‘what are the economic, social and environmental impacts of my organisation?’ The GRI’s ‘sustainability indicators’ are freely available for use by all organisations. By complementing financial reporting, reporting on these aspects of performance is intended to benefit managers, shareholders and stakeholders alike.

Details on the GRI can be found at www.globalreporting.org.

The UN Global Compact

The Global Compact was launched by UN Secretary-General Kofi Annan in a speech to the World Economic Forum in 1999. The Compact consists of a set of ten 'universal principles', supported by a learning forum, and brings together a unique group of intergovernmental organizations, and representatives of the business, labour and NGO communities. The principles cover human rights, labour, environment and anti-corruption.

Key elements include:

- The principles are derived from existing inter-governmental instruments;
- Participation is free and open to companies of all sizes;
- Over 3,000 participants and a global network of local organisations;
- Recognised by the 2005 World Millennium Summit and UN General Assembly.

The GC responds to the recognition that if the fruits of globalisation are to be shared more evenly, and sustainability issues successfully addressed, the government, business and other sectors need to work together more closely on a shared agenda. It also recognises the need for a learning forum where best practices and experiences are shared.

Information on the Global Compact is available at www.globalcompact.org.

Instruments that are similar...

As noted above, the three initiatives share many common elements. In addition to their global scope and sustainable development focus, they are all inspired by existing international norms and conventions, and are intended to complement and promote the principles and values enshrined in those instruments. Importantly, they all seek to provide a free, readily accessible, tool for people of all backgrounds to better understand -- and respond to --- the various challenges facing humankind.

... but also different

While the three initiatives share much common inspiration and intention, however, the Earth Charter has some noteworthy differences from both the GRI and Global Compact. Perhaps the central difference is a philosophical one. The Earth Charter does not seek to add to the list of corporate social responsibility (CSR) instruments that have emerged over the last decade. These are many and varied and provide a wide range of choice. It is not designed to be a code of conduct, a partnership forum or a reporting tool.

Rather, the Earth Charter seeks to address the overarching need for a new shared global moral and ethical framework that comprehensively addresses the challenges of the 21st century. It does this in a way that identifies key fundamental principles that cut across cultural, legal and regional differences. The purpose of the Charter is not to provide a management tool to address specific CSR issues. Importantly, it provides the

element missing from international laws, norms and initiatives: a globally-agreed shared set of values and principles by which government, business and civil society can navigate together towards a more just, sustainable and peaceful world.

The table below describes how the Earth Charter relates to some of the other global instruments and initiatives in relation to sustainable development, and how they can be seen as playing often complementary roles.

The Earth Charter: How Does It Relate?

<i>Category & Role</i>	<i>Examples relevant to sustainable development</i>
<p><u>Governmental instruments</u></p> <p>Inter-governmental conventions and declarations on sustainable development: define norms and expectations, and give direction on <u>what</u> to do.</p>	<p>Universal Declaration of Human Rights</p> <p>ILO Conventions and Declarations</p> <p>UN environment conventions and declarations (e.g. UN World Summit on Sustainable Development Plan of Implementation)</p> <p>OECD MNE Guidelines</p>
<p><u>Global partnerships and instruments</u></p> <p>Instruments derived from global norms and developed through a stakeholder partnership approach: help provide guidance on <u>why</u> and <u>how</u> to assess sustainability issues and responses.</p>	<p>Earth Charter</p> <p>UN Global Compact</p> <p>Global Reporting Initiative (GRI) <i>Sustainability Reporting Guidelines</i></p> <p>AccountAbility <i>AA1000 Series</i></p>
<p><u>Sector-specific partnerships and instruments</u></p> <p>Similar to instruments above, but provide guidance for a specific sector or issue.</p>	<p>Principles for Responsible Investment</p> <p>Social Accountability International SA 8000 Performance Standard</p> <p>Forest Stewardship Council <i>Principles and Criteria</i></p> <p>Marine Stewardship Council <i>Environmental Standard</i></p>
<p><u>Business-developed codes</u></p> <p>Offer business-specific guidance on best practice. These can be either general or sector-specific.</p>	<p>Global Sullivan Principles</p> <p>Caux Principles</p> <p>International Chamber of Commerce <i>Business Charter</i></p> <p>Responsible Care Initiative</p> <p>Equator Principles</p>

Synergies and Complementarities

The final section of this paper now explores how users of the three initiatives might build on their differences and complementary characteristics.

1. Scope

In offering a wide contextual setting, including over-arching principles and values, the Earth Charter provides a more holistic framework for action. While it also addresses economic, social and environmental pillars of sustainable development, it includes vital issues such as democracy, non-violence and peace. In doing so, it also covers and goes beyond the Millennium Development Goals.

The governing bodies of the GRI and Global Compact may wish to refer to the Earth Charter when next reviewing or revising the scope of the respective instruments. Users might also find the Charter valuable in assessing the comprehensiveness of their sustainability policies and practices.

2. Context

While longer than the Global Compact's ten principles, and shorter than the GRI's Sustainability Reporting Guidelines, the Earth Charter offers a free-standing, self-explanatory, overview of the main challenges facing humankind.

Users of the GRI and Global Compact wanting to understand the wider context for their activities and impacts can use the Earth Charter to deepen their knowledge, share global values and find an inspirational and accessible set of goals.

3. Reporting

Both the GC and GRI have important provisions regarding reporting. While the Earth Charter recognises the need for organisations 'to act transparently in the public good', and to be held accountable, it does not specify how this should be done, nor provide a mechanism for communicating performance. Use of the Charter is left for user self-evaluation and not subject to third party assessment.

In this context, organisations using the Earth Charter might wish to use the GRI's Sustainability Reporting Guidelines and the Global Compact's 'Communication on Progress' to assess and communicate their progress.

4. Participation

The GRI encourages users to become 'organisational stakeholders'. The Global Compact, for its part, invites users to become 'participants'. Both have formal

arrangements for users to become associated. The Earth Charter is not a membership organisation, but rather encourages users to publicly 'endorse' the Charter as a way of showing their support for its values and principles. The Charter's non-profit secretariat, the Earth Charter Initiative, also invites financial contributions to sustain its important work.

Users of the GRI and Global Compact might wish to consider endorsement of the Earth Charter as a complementary measure to their support for social responsibility initiatives.¹

5. Platform for Dialogue

The Global Compact and GRI recognise the crucial importance of bringing diverse stakeholders together to share perspectives, experiences and ideas in relation to their respective processes, principles and indicators.

As an independent global initiative, the Earth Charter could be an attractive forum to bring together initiatives such as the Compact, the GRI and other leading global instruments to discuss how they might address collective challenges. Potential issues could include: how to increase uptake by government, business and other organisations; areas for potential coordination and alignment; and sharing of research findings.

Summary and Conclusions

The Earth Charter adds value to initiatives such as the GRI and Global Compact at a number of levels:

- By *adding 'values'* to the GRI's indicators and the Compact's principles, the Earth Charter provides users of these initiatives with a clearer perspective of the ethical and issues framework within which they are working;
- By *providing a wider context* (e.g. democratic and peace issues), the Earth Charter prompts all organisations to think beyond their traditional governmental, business and civil society roles and work together as towards a brighter future;
- By offering a *simplifying and unifying platform* for the increasingly complex demands of new standards and progress assessments, the Charter enables organisations to inject a shared DNA into their missions and work plans;

¹ Earth Charter Endorsement Statement: 'We, the undersigned, endorse the Earth Charter. We embrace the spirit and aims of the document. We pledge to join the global partnership for a just, sustainable, and peaceful world and to work for the realization of the values and principles of the Earth Charter. We pledge to join the Global Partnership in Support of the Earth Charter Initiative for a sustainable way of life AND urge all governments to endorse the Earth Charter.' (For information on endorsement, see: <http://www.earthcharter.org/>)

- By giving governments, employers, employees and NGOs *an inspirational and educational tool*, the Charter can inspire and motivate change, and the innovation of products and services to meet social, environmental and other challenges.

The Earth Charter encourages:

- **The GRI:** *to invite GRI users to consider the wider values and principles contained in the Earth Charter as they assess their impacts and stakeholder perspectives. A key question includes ‘what issues or considerations identified by the Earth Charter could help my organisation improve its understanding of the reporting process?’*
- **Governments:** *to consider publicly endorsing and recommending the Charter, including for use by schools and learning organisations, and applying the Charter to the activities of public agencies. A key question here is ‘how can the Earth Charter be helpful in advancing progress towards norms and policies agreed by government, as a complement to regulation or where laws are not the most effective approach?’*
- **Business:** *to review their mission statement and business plan against the background of the Earth Charter to identify how far these are identifying the opportunities and risks, and optimising innovation and dialogue. A central issue here is ‘how well does my organisation’s long-term strategy reflect the full range of global issues and public ethical concerns?’*
- **Civil Society:** *to evaluate how the Earth Charter might be used both as a framework to evaluate the scope and strategies of their campaigns, and to engage in dialogue with other sectors of society. The question here is ‘as we urge change and look for optimal leverage, how well do we combine issue focus with ethical and other arguments?’*