

The Global Compact in Action

Announcements, Initiatives, Commitments, Innovations

“Cotton – Made in Africa”

This market-driven project intends to establish “Cotton - Made in Africa” as a competitive quality label for cotton exclusively produced by sustainability standards. As Africa’s third largest export commodity, the substitution of conventional cotton growing by sustainable methods is of particular importance, considering the predictable depletion of soil and water resources in countries such as Benin, Mali, Burkina Faso, Uganda and Tanzania. Targeted sourcing by European and North American retailers and textile brands will ensure the necessary economic scale for all parties involved. The project is operational and results-oriented, and consists of preparation, pilot design and pilot implementation. Participants include the Michael Otto Foundation, African government and farmer organization representatives, UNDP, World Bank, ICAC, WWF International, German Agro Action, the Otto Group, KarstadtQuelle and Remei. Companies are invited to participate in this project.

Contacts at the summit are Janina Otto and Joachim Schlange.

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“Who Cares Wins” – Corporate Responsibility and Investment Analysis

The mainstream financial industry is today presented with a unique opportunity to bring social and environmental issues into investment analysis, research and recommendations. The industry – including asset management companies, investment banking houses, securities brokerages, etc. – can be a major lever of positive change by recognizing and rewarding companies that have a commitment to social and environmental principles. Nearly 20 major investment companies, under the auspices of the Global Compact, have developed and endorsed a pioneering report – “Who Cares Wins” – that sets out bold recommendations on how the industry and other financial stakeholders should be addressing this issues.

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“Gearing Up” – Taking CSR to the Next Level

The Global Compact Office commissioned SustainAbility to undertake the current state of corporate responsibility and what it will take to scale up efforts. The report, titled *Gearing Up: From corporate responsibility to good governance and scalable solutions*, concludes that while the CR movement has made real progress, it is constrained by a lack of appropriate links to wider global, regional and national governance frameworks. While a small but growing number of bold and visionary companies have made considerable strides, their numbers will remain small as long as the business case for getting in front of the corporate pack remains weak. The report persuasively argues that corporate citizenship must be linked with public policy.

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Stock Exchanges in the Global Compact

As part of its new work with the financial community, the Global Compact initiated a meeting on 15 March 2004 at UN Headquarters with a number of the world's stock exchanges to explore collaboration. This was the first time that the United Nations and Exchanges had officially met. Participants discussed corporate responsibility and how the Compact and the capital markets might work together. Following the meeting, Bovespa (the Brazilian stock exchange) and the Jakarta Stock Exchange officially joined the Global Compact. In addition, a number of exchanges have begun to inform their listed companies about the Global Compact, with many endorsing a statement expressing the desire to explore deeper levels of partnership and collaboration. This statement will be released at the Summit.

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Announcement by the United Nations Administration on the Global Compact

The United Nations Department of Management has announced that it will undertake a process to integrate the Global Compact Principles in relation to the UN's internal operations. An internal review has concluded that, while the UN has a natural tendency to abide by GC principles within its administrative practice, it could and should be far more explicit in integrating the GC Principles into its administrative processes. The main areas that will be considered for change are procurement, facilities management, the Capital Master Plan, investment management, human resources management and Organizational Integrity. The process will be steered by an "Advisory Group," comprising representatives from the Department of Management, Global Compact Office, Office of the Deputy Secretary General, Office of Legal Affairs, Office of Internal Oversight Services and Department of Peace Keeping Operations, and implemented by specialist working groups established by the Department of Management. All stakeholders, including the Member States, Offices Away from Headquarter, staff, other UN departments, other organizations of the UN, and members of the UN Joint Staff Pension Fund will be included in the process.

Contact at the Summit is Catherine Bertini

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Global Business Coalition on HIV/AIDS

The Global Business Coalition on HIV/AIDS (GBC), headed by a constellation of global business leaders, is the pre-eminent business organization leading the business fight against HIV/AIDS. Over 150 leading international companies are members of the GBC and are committed to harnessing the power of the business community to fight the AIDS pandemic. The GBC's mission is to decrease the number of people dying from AIDS and support those affected by increasing business action against the HIV/AIDS pandemic. In order to achieve this, the GBC works to harness the core strengths of the international business community by helping companies design individualized plans that involve their workforce, their products and their advocacy with government leaders in the fight against HIV/AIDS. The GBC and the UN Global Compact have formed a new partnership to provide support for UN Global Compact companies that want to take action on HIV/AIDS. All members of the international business community are invited to join the GBC and participate in our global programs against the epidemic.

Contact at the Summit is Ambassador Richard Holbrooke.

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The Business Roundtable and The Fight Against Bribery and Corruption

Henry McKinnell, chairman of The Business Roundtable, an association of 150 leading US companies with global operations, will announce their decision to reinvigorate their fight against bribery and corruption. The Roundtable calls for a partnership among business, government and multilateral organizations because action by any one of these key players alone would be insufficient to mount a global campaign against bribery and corruption.

Contacts at the Summit are Henry McKinnell and Nancy Nielsen.

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Book launch “Raising the Bar”

The new book *Raising the Bar* fills a critical void. It outlines how the UN Global Compact and its principles can stimulate organizational change while creating business value. It provides an essential framework for the credibility and effectiveness of companies and organizations engaged in the Global Compact. Produced by a team of experts, *Raising the Bar* assists frontline managers of large and small companies to translate the Compact into business practices. The book positions the classic elements of management excellence in the context of the challenges of sustainable development. *Raising the Bar* brings practical guidance with an inventory of knowledge, tools, examples and information sources, all organized around a basic Performance Model that embraces concepts familiar to most business people.

Contact at the Summit is Claude Fussler

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Growing Sustainable Business

The *Growing Sustainable Business* initiative aims at facilitating greater private sector contributions to the Millennium Development Goals through commercially viable activities. It promotes the GC principles, employment creation, business linkages, local economic development, and growth of small and medium-sized enterprises. The initiative seeks to develop a brokerage capacity, which acts as an intermediary between business, government, civil society, and development partners to create alliances and mediate solutions in an enabling environment and in existing business models. Key organizations involved are private companies such as Shell, ABB, Ericsson, Thames Water, Unilever, EDF, Tetra Pak, Société Générale, Total, and local firms, UNDP, Global Compact Office, UN agencies, Governments in the South, the International Finance Corporation, World Business Council for Sustainable Development, CARE, Oxfam, and bilateral donors. The initiative is open to all interested parties.

Contacts at the Summit are Sir Mark Moody-Stuart and Casper Sonesson.

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Developing a New Generation of Globally Responsible Leaders

Under the guidance of the European Foundation for Management Development, leading business schools and companies from five continents have been asked to participate in updating and upgrading the core curriculum for what managers and business leaders need to know in order to successfully prepare them to deal with global challenges. To move this project forward, EFMD will leverage its partnership with the Global Compact on learning and education. A joint invitation among EFMD's 500 business schools and corporate members, as well as the Global Compact's 1500 participants, will be used to select pioneers – highly qualified, dedicated business schools and companies – to determine these needs. Beginning in October 2004, the group will convene for six working meetings designed to find answers and determine pragmatic, hands-on actions to resolve the problems of training a new generation of globally responsible leaders.

Contacts at the Summit are Gerard Van Schaik and Anders Aspling.

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Ethos Indicators for the Global Compact Principles

Ethos Indicators on Corporate Social Responsibility is a benchmark self-assessment tool designed to illuminate how the nine principles can be adopted by companies and where these principles stand in relation to a company's plans and practices. The indicators have been successfully and broadly used by CSR leading companies in Brazil, which have benefited from a better knowledge of their own practices in terms of CSR. The indicators can be both used to obtain an in-depth understanding of the actual situation of the company regarding the Principles, and also to support the establishment of implementation plans within the company. Owing to the relevance and urgency of the social and environmental challenges expressed by the Millennium Development Goals, Ethos Indicators for the Global Compact pays special attention to the linkages between CSR, the Principles and the MDGs. Contact at the Summit is Oded Grajew.
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Excellence One

The European Foundation for Quality Management, a nonprofit offering performance measurement tools and strategies, is offering one year of free access to its online learning platform – Excellence One – to all participants of the Global Compact Leaders Summit Excellence One is a collaborative platform designed to help organizations achieve management goals by providing resources for evaluating performance within the organization as well as facilitation of sharing best practices outside it. Some of the resources on the website include areas for news, learning and networking; case studies of best-in-class organizations and practices; discussion forums and virtual communities of practice; and a special section on CSR in collaboration with Global Compact. Contacts at the Summit are Alain de Dommartin and Patrick Margaria.
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Responsible Competitiveness in Malawi Global

The aim of the Malawi Global Compact Network is to establish Malawi as a developing country leader in the area of responsible competitiveness and multi-sector partnership generation. A key strategy for promoting responsible competitiveness will utilize Global Compact frameworks, such as stakeholder dialogues and learning forums, in order to build a consensus for action on a national level. For example, the Malawi Global Compact has partnered with the Office of the President's National Action Group, a consortium of corporate business leaders working with government to bring about growth and development in line with the goals of the Poverty Reduction Strategic Plan and Malawi Economic Growth Strategy. By scaling Global Compact principles into a national framework, the Malawi Global Compact network will help support the goals of these strategic initiatives and take steps towards, among other things, improved corporate governance, core export markets development, and innovative solutions to HIV awareness and treatment. These frameworks will encourage the multi-sector corporate sustainability clusters working in these areas to scale up their impact, both in relation to broader competitiveness issues, and also in terms of promoting enhanced social and environmental outcomes for Malawi as a whole. Contacts at the Summit are Eddie Smith and Sean de Cleene.
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Companies in Conflict Zones – a Resource Manual

In their capacity as Global Compact participants, three research agencies – the Collaborative for Development Action, the FAFO Institute for Applied Social Sciences and International Alert – are preparing a pioneering investigation and analysis of the relationship between business and conflict that pools the results of five years' work on the issue. This will expand upon the work resulting from the Global Compact's policy dialogue on this issue. This has resulted in a number of thematic papers on revenue management, transparency, case studies of multi-stakeholder partnership, and a business guide on conflict impact assessment and risk management. Scheduled to publish in late-2005, *Companies in Conflict: A Resource Manual* will outline the positive and negative impacts that can be associated with company

operations in zones of conflict, and offer practical guidance on both operational and legal challenges confronting business. The *Resource Manual* will be an essential tool for company staff, illuminating an ethical path to doing business in conflict zones, which can often be difficult to discern. UN Global Compact signatories are invited to contribute experiences to this publication.

Contact at the Summit is Dan Smith.

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Forum Barcelona 2004

The Universal Forum of Cultures Barcelona 2004 is an international event based on cultural diversity, sustainable development and conditions for peace to promote dialogue among world citizens, governments and international organizations with initiatives designed to tackle the major challenges of the 21st century. As the legacy of this great event, the Forum has declared an initiative to create a global, collaborative platform for dialogue on corporate social responsibility issues, and has invited the Global Compact to participate in its formulation. The Global Compact is enthusiastic at the invitation to partner with the Forum Barcelona 2004 Foundation and looks forward to collaborating in this initiative that will work towards creating an inclusive platform for dialogue on Corporate Social Responsibility that will be of value to all stakeholders.

Contact at the Summit is Mireia Belil.

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Ethical Sourcing in the Global Retail Supply Chain

Hudson's Bay Company has leveraged the Global Compact's principles to engage CEOs of the world's leading retailers in a dialogue promoting an aligned sectoral approach designed to enhance the inter-company collaboration on the issue of ethical sourcing. Two international initiatives are being established for the purposes of managing a repository of social compliance audit information. The National Retail Federation, based in Washington, DC, is leading a group of retail companies, industry associations and other stakeholders to develop a common database of social compliance audit information, largely based on Reebok's vendor compliance management software. The Business Social Compliance Initiative, based in Brussels, has developed a common code of conduct and auditing principles, and is currently promoting participation in the initiative among European retailers. As a participant in both initiatives, HBC will continue to promote the GC principles as a platform engaging CEOs in advancing a global retail industry approach. The ultimate goal is the creation of conditions for suppliers/ manufacturers to improve compliance with international standards and achieve results such as reduction of audit duplication or expansion of the number of facilities audited.

Contact at the Summit is Rob Moore

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Ethiopian Global Compact Country Network in Action

Sustainable tourism has proved to be an effective focus for action by the Ethiopia Global Compact country network. As a partner in the network, the UNDP has taken a facilitator's role in bringing together Ethiopian entrepreneurs through the creation of the EcoTourism Association of Ethiopia. Hoteliers, tour guide operators and other businesses have joined together to create opportunities to profitably serve the poor. To that end, the Global Compact principles – as well as the Millennium Development Goals – have provided a unified framework within which businesses cooperation has grown employment opportunities for the poor and created wealth for the Ethiopian economy.

Contact at the Summit is Casper Sonesson.

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International Apparel Federation - Barcelona Declaration

The International Apparel Federation (IAF) considers that in today's world it is absolutely necessary to share and promote some principles and rules assuring ethical and environmental business standards. The principles, consistent with those of the Global Compact, have been designated the "Barcelona Declaration," and approved at the 20th IAF Convention in May 2004. All trade and retail member organizations reached a consensus agreement to harmonize requirements by mutually recognizing and accepting existing standards, schemes and codes of conduct. To achieve the goal, the IAF opened a consultative process between the most significant certifying institutes and organizations, as STIC, Fair Labor Association, SA 8000, WRAP, International Institute for World Ethics, AVE, SAI and Euro-commerce, among others, in order to prepare a proposal for the next IAF Council to be held in December 2004. IAF will further promote the Global Compact by establishing a register tracking specific initiatives and their real implementation and evolution.

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Book launch "Learning to Talk"

Learning to Talk is a new book consisting of 27 essays by a broad array of contributors detailing the inception and growth of the Global Compact. Edited by Malcolm McIntosh, Sandra Waddock and Georg Kell, and with a foreword and essay by Kofi Annan, *Learning to Talk* is an opportunity to reflect on the first steps of an initiative born in the aftermath of the Cold War, in the 'triumph of global economic liberalism' and mass demonstrations against 'globalization'. It contains serious reflections on its aims and origins; some telling of stories of engagement; and discussion on how this initiative has quickly become an important reference point in the dialogue on global and corporate governance. *Learning to Talk* has been published by the Greenleaf Press in June 2004.

Contact at the Summit is Malcolm McIntosh.

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A Fair Globalization

The report *A Fair Globalization: Creating Opportunities for All* was issued by the World Commission on the Social Dimension of Globalization. The Commission is an initiative of the International Labor Organization (ILO). Its members represented multi-stakeholder dialogue at its best, including politicians, parliamentarians, social and economic experts and representatives of business and multinational corporations, organized labour, academia and civil society. In the report, the Commission proposes a series of coordinated measures to improve governance and accountability at both national and international levels. These include fairer rules for international trade, investment, finance and migration; measures to promote core labour standards and a minimum level of social protection in the global economy; and new efforts to mobilize international resources to raise capabilities and meet the Millennium Development Goals. In addition, the report cites the impact of the Global Compact and discusses the influence it has had, as a voluntary network, in facilitating compliance with relevant national legislation, addressing obstacles to realizing universal principles in global supply chains, and building public trust and confidence in enterprises.

Contact at the Summit is Juan Somavia.

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The International Council of Toy Industries' CARE Process

The International Council of Toy Industries' (ICTI) views its CARE (Caring, Awareness, Responsible, Ethical) Process as extending the Global Compact's relevant human rights and fair labor principles. The CARE Process promotes ethical manufacturing in the worldwide toy industry supply chain. Its initial focus is in China, where 70% of the world's toy volume is manufactured. Its intent is to provide a single, fair, thorough and consistent program to monitor toy factory compliance with ICTI's Code of Business Practices. The CARE Process begins with this monitoring protocol and guidance document, and includes corrective action plans and an annual certification/re-certification of participant factories. All member of the 18 national associations that comprise ICTI are being asked to commit to a certain date after which they will order product exclusively from factories enrolled in the CARE Process.

Over time, it is expected that this program, itself monitored by an independent Oversight Committee, will become the standard for industry sector programs. While the number of major toy brands signing on to the CARE Process is growing significantly, toy retailers and all actors in the global toy industry supply chain are also invited to join. Contact at the Summit is Alan Hassenfeld.
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Bridging the Gap – Global Compact Academic Conference

The First UN Global Compact Academic Conference, “Bridging the Gap: Sustainable Environment,” is being organized, with the support of UNEP, by The Wharton School of the University of Pennsylvania in the United States, and Sabanci University in Turkey. The main objective of the conference is to bring together academia, private sector, public sector, and NGOs into a multi-stakeholder dialogue to share their experiences, identify problems, and discuss potential solutions for supporting the Global Compact’s environmental principles. In order to facilitate the discussion, the two universities, one from a developed country and the other from a developing country, divided the conference into two events. Part 1, “Innovation and Diffusion of Environmentally Sound Technologies” took place in Istanbul in June 2004 and Part 2, “Globalization, Development and Environmental Management” will take place in Philadelphia in September 2004.

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The Global Compact: A Network of Networks

UN Global Compact country and regional networks have helped to link a global community of like-minded companies, individuals and organizations committed to promoting responsible corporate citizenship. Nearly fifty networks have been launched to this effect. Most are self-organizing, multi-stakeholder initiatives that are highly autonomous and self-driven, and are in an ideal position to place the discussion of global issues in a specific local and regional context. Their presence “on-the-ground” enables more frequent dialogues between companies and other stakeholders and facilitates the sharing of good practices. Their knowledge of the local business environment and their familiarity with social, cultural and political factors are positive drivers for the implementation of the principles and for collaborative problem-solving. Networks tend to reach out to, and to have impact in the business communities, and focus on the engagement mechanisms such as Communications on Progress, global and regional multi-stakeholder Dialogues, Learning Forum and partnership projects.

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Global Compact Learning Forum Case Studies publications

A powerful instrument of the Global Compact’s Learning Forum is the Business Case Study. The case study is an independently prepared discussion of an important experience Global Compact participating company managers went through, substantiated with the information available to internal decision makers and intended to enable others to learn from that experience. The case studies are discussed at Global Compact Learning Forum Meetings. The Learning Forum has recently published the first three publications of its case studies series: “*From principles to practice*”, “*Experiences in Management for Sustainability*” and “*HIV/AIDS Everybody’s business*” with the aim to support distribution of good practices and experiences. Other planned publications in the case studies series are “*Sustainable Business linkages*” and “*Corporate Volunteering*”. Currently, over 70 case studies are posted on the Global Compact website.

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Communications on Progress

Since 2003, Global Compact participants have been expected to communicate with their stakeholders on an annual basis about progress in implementing the principles through their annual or sustainability reports, or other corporate communications. Participants are also expected to submit a short description and a URL link to these communications on the Global Compact website. These communications are important demonstrations of participants' commitment to the Global Compact, and are an opportunity to exercise leadership, facilitate learning, stimulate dialogue and promote action. More than 100 participants have submitted their Communications on Progress so far. In the event that a participant does not publish an annual report or a sustainability report, a Communication can be issued through other channels where employees, shareholders, customers and other stakeholders expect to read about the company's major economic, social and environmental engagements.

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Global Compact Participants' Partnership Projects

The Global Compact encourages companies to participate in partnership projects to advance the Millennium Development Goals as well as the Global Compact principles. Currently, 28 of these projects are documented in the Learning Forum section of the Compact's Website, although the actual number is far greater. Partners and beneficiaries participate in drafting, implementing, monitoring and evaluating the project, and contribute financially and/or with their work to its implementation. In their design, projects follow the concept of sustainability and capacity building, with the goal of producing measurable results. A successful project has the potential to be replicated elsewhere, within the project country or outside it, and innovative and successful partnership projects are replicated by becoming part of regional or national sector policies.

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McKinsey Report Highlights Impact of Global Compact

McKinsey & Company assessed the Global Compact's impact since the initiative's launch in 2000. The independently prepared report "*Assessing the Global Compact's Impact*" was based on extensive data analysis, interviews and surveys conducted with a range of stakeholders, including Global Compact participants as well as outside observers and detractors. The McKinsey report concludes: "Our impact assessment has found that the Global Compact has had noticeable, incremental impact on companies, the UN, governments and other civil society actors. A solid participant base and the power of the idea of high-level UN engagement with the private sector have largely driven these successes to date". The report acknowledges the impact by noting the broad effect the GC has had on participants, developing-country actors, NGO-to-company interactions, and collaboration between UN agencies.

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Responsibility in World Business – Book launch

The UN University Press recently published a book "Responsibility in World Business – Managing harmful side-effects of corporate activity" which proposes a normative framework to help companies address the harmful side-effects of their operations. The book offers both a theoretical part comprising philosophical and legal considerations and a case-study part. It reminds us that the consequences of conducting business are manifold and complex. The Global Compact welcomes this book and considers it an important tool for companies on how to manage unintended side-effects.

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