

The Global Compact

Corporate Leadership in the World Economy

The Opportunity

Hundreds of companies have become participants in the Global Compact, which is rapidly evolving into the first global forum designed to address critical issues related to globalization.

Announced by United Nations Secretary-General Kofi Annan at the World Economic Forum in Davos, Switzerland, in January 1999, and formally launched at United Nations Headquarters in July 2000, the Compact calls on companies to embrace nine universal principles in the areas of human rights, labour standards and the environment. It brings companies together with United Nations organizations, international labour organizations, NGOs and other parties to foster partnerships and to build a more inclusive and equitable global marketplace. It aims, in the words of Secretary-General Kofi Annan, to contribute to the emergence of “shared values and principles, which give a human face to the global market.”

The companies engaged in the Global Compact are diverse and represent different industries and geographic regions. But they have two features in common: they are all leaders; and they all aspire to manage global growth in a responsible manner that takes into consideration the interests and concerns of a broad spectrum of stakeholders – including employees, investors, customers, advocacy groups, business partners, and communities.

Corporate leaders participating in the Global Compact agree that globalization, which only a few years ago was seen by many as an inevitable and unstoppable economic trend, in fact is highly fragile and may have an uncertain future. Indeed, rising concerns about the effects of globalization on the developing world – be they related to the concentration of economic power, income inequalities or societal disruption – suggest that, in its present form, globalization is not sustainable. The Global Compact was created to help organizations redefine their strategies and courses of action so that all people can share the benefits of globalization, not just a fortunate few.

The Global Compact is not a regulatory instrument, a legally binding code of conduct or a forum for policing management policies and practices. Nor is it a “safe-harbour” allowing companies to sign-on without demonstrating real involvement and results. The Compact is a voluntary initiative that seeks to provide a global framework to promote sustainable growth and good citizenship through committed and creative corporate leadership.

Why Companies Participate

Business leaders see many opportunities through engagement in the Global Compact.

These include:

- n Demonstrating a position of leadership with regard to responsible citizenship
- n Sharing experiences and learnings with like-minded companies and organizations

- n Building relationships with other companies, government bodies, Labour, NGOs and international organizations
- n Partnering with United Nations agencies, including the International Labour Organization, the Office of the High Commissioner for Human Rights, the United Nations Environmental Programme and the United Nations Development Programme
- n Maximizing business opportunities by broadening the corporate vision to include the social dimension and by implementing responsible management policies and practices
- n Participating in result-oriented Issue Dialogues related to the critical problems facing our world e.g. The Role of Business in Zones of Conflict (March 2001)

The Nine Principles of the Global Compact

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards and the environment. This means that a company needs to bring about positive change only in those areas that are relevant to its business operations. The principles are as follows:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labour; and
6. eliminate discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

How to Participate in the Global Compact

The Global Compact is not an exclusive club; it is an accessible forum that seeks wide participation from a diverse group of businesses and other organizations.

A company wishing to engage in the Global Compact can do so by sending a letter from the chief executive officer to the Secretary-General, expressing support for the Global Compact and commitment to take the following actions:

- n Issue a clear statement of support for the Global Compact and its nine principles, and to publicly advocate the Global Compact.
This may include:
 - Informing employees, shareholders, customers and suppliers
 - Integrating the Global Compact and nine principles into the corporate development and training program
 - Incorporating the Global Compact principles in the company's mission statement
 - Including the Global Compact commitment in the company's Annual Report and other public documents
 - Issuing press-releases to make the commitment public

- n Provide, once a year, a concrete example of progress made or a lesson learned in implementing the principles, for posting on the Global Compact website.

This letter should be sent to:

Kofi Annan
Secretary-General
 United Nations
 New York, NY, 10017

In addition to these two basic actions, within the framework of the Global Compact, a company may wish to actively support the principles and broad United Nations goals by initiating and participating in projects in partnership with the United Nations.

Measuring the Success of the Global Compact

The success of the Global Compact will be measured by how effectively it provokes change and stimulates action. Companies must begin to do things differently, and produce tangible results. To achieve this, the Global Compact is pursuing the following goals:

- n Make the nine principles part of the strategic vision and operating practices of companies everywhere. By 2002, 100 major multinationals and 1,000 other companies across the world's regions will be engaged in the Global Compact.

- n Provide an interactive and action-oriented learning resource, based on the experience of hundreds of companies to showcase what works and what doesn't - fully operational in 2001.

- n Conduct at least one major Issue Dialogue a year that addresses a critical problem where business in partnership with NGOs and other relevant stakeholders can produce recommendations leading to meaningful change.

- n Ensure that business, United Nations agencies, Labour, NGOs, government, and community groups work in partnership to develop and execute projects that further the principles, and are of particular benefit to those most in need.

The Global Compact in Action

Under the leadership of the UN Secretary-General, the Global Compact encourages learning, dialogue, compact initiatives, and country outreach:

- n The Global Compact Learning Forum--working to identify and disseminate lessons learned in the effort to translate general principles into concrete management practices and real internal change.
- n Policy Dialogues--providing a platform for diverse stake-holders to engage in substantive dialogue and develop practical action plans in response to the key challenges of globalization.
- n Compact Initiatives--promoting specific company and partnership initiatives to advance the nine core principles of the Global Compact and the widely accepted goals of the United Nations.
- n Country Outreach --extending the scope and breadth of the Global Compact internationally, and engaging new actors and stake-holders throughout the world.

The Global Compact Learning Forum-Translating Principles into Practical Action

Each year companies are asked to share an example of a concrete action or set of actions undertaken to apply at least one of the nine GC principles within its corporate domain. These examples will form the basis of a learning bank describing factors for success, and the causes of failure, in the effort to advance the Compact's founding principles. The Learning Forum aspires to help companies learn directly from one another, and also from the commentary provided by labour groups, civil society organizations, and the academic and public policy communities. The University of Warwick Business School in the United Kingdom, and other leading academic institutions from both North and South are supporting the Global Compact Office in the development and launch of the Learning Forum.

It is anticipated that the case-studies of the Learning Forum will enable sharing and learning by:

- n Providing illustrative examples of both successful and ineffectual strategies to promote corporate citizenship.
- n Developing an information base of practices to advance the nine principles of the Global Compact.
- n Enabling business, governments and civil society to cooperate and form alliances for collective action in support of the Compact's principles.

Policy Dialogues – Finding Solutions Together

The Global Compact Office organizes annual policy dialogues on the contemporary challenges of globalization, providing a platform for the exchange of views and substantive discourse. The policy dialogues encourage action networks between labour and civil society organizations in pursuit of innovative solutions to complex problems.

The 2001 dialogue is exploring The Role of the Private Sector in Zones of Conflict. Participants in this inquiry are exploring how the rule of law and respect for human rights may serve as a foundation for a stable and constructive relationship between business and society. Among the subjects being explored are the role of collective action in breaking patterns of corruption; measures to enhance transparency; capacity building to create a culture of peace; and the elaboration of analytical tools to better understand the impact of business in conflict situations.

Next year's dialogue will review practical experiences dealing with sustainability issues, in support of the World Summit on Sustainable Development in Johannesburg.

Participation in dialogues is optional.

Compact Initiatives– Principles In Action

The Global Compact encourages individual companies to develop policies, business practices, and targeted initiatives consistent with the Compact's core principles. The Compact also encourages companies to act in partnership with other actors on broader issues of corporate responsibility, particularly those that benefit developing countries.

Partnership projects emphasize activities companies undertake as outreach to their communities and society in general. These initiatives are conducted in partnership with other organizations - including the UN, civil society, labor, and national and international aid agencies. The objective of these activities is to harness the energy, expertise, and resources of the private sector to help achieve broadly accepted UN goals.

Global Compact participants are already undertaking dozens of partnership projects in diverse issue areas, including investment; micro-credit; international labour accords; the reduction of carbon dioxide emissions; HIV/AIDS; and programs to expand basic education in local communities.

Participation in development projects is optional.

Country Outreach - Making the Global Compact Relevant Everywhere

The Global Compact Office is currently engaged in a comprehensive outreach programme to extend the breadth and scope of its activities world-wide. We are working with the business community in many developing countries, both at the local and international levels, to adapt the Global Compact Principles to local cultures and specific countries. Outreach efforts have engaged business leaders in Brazil, Ghana, China, India, Indonesia, South Africa, Mexico, Poland, Zambia, Malaysia, Nigeria,

Tunisia, Chile, Jordan, Guyana, and a number of other countries. By the end of 2001 the Global Compact will have launched outreach efforts in every region of the world.

Contact Information

For Further information, please visit:

www.unglobalcompact.org

or contact:

Global Compact

Executive Office of the Secretary- General

E-Mail: globalcompact@un.org

Phone:

Georg Kell	++ 1 212 963 1490
Denise O'Brien	++ 1 212 963 4890
Fred Dubee	++ 1 212 963 6189
Susana Weyer	++ 1 212 963 0268
Melissa Powell	++ 1 212 963 0566